

# SENATE BILL No. 465

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1; IC 6-3.5-1.1-14; IC 6-5.5-8-2; IC 6-6; IC 12-19-1.5; IC 20-1; IC 20-2; IC 20-3-11-18; IC 20-3-11-20; IC 20-3.1-15-1; IC 20-4; IC 20-5; IC 20-5.5-7-3; IC 20-8.1; IC 20-9.1-1-3; IC 20-10.1-6.5-1; IC 21-1-1-54; IC 21-2; IC 21-3; IC 21-4-20-1.

**Synopsis:** Elimination of general school operating levies. Eliminates the authority of a school corporation to levy a property tax for its general fund. Provides for full state funding of tuition support to school corporations. Repeals: (1) an obsolete application clause; (2) an obsolete law providing for a supplemental school operating reserve fund levy to repay tuition support advances made in 1972; (3) the general power of the Indianapolis Public Schools to impose an emergency levy for its general fund; and (4) a provision concerning revenue anticipation warrants for school towns and school cities that is more restrictive than the general provision applying to all school corporations. Makes other related changes.

**Effective:** Upon passage; July 1, 2002; January 1, 2003.

**Kenley**

January 14, 2002, read first time and referred to Committee on Finance.



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Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

## SENATE BILL No. 465

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-19-1 IS AMENDED TO READ AS  
2       FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1. As used in this  
3       chapter, the following terms have the following meanings, unless the  
4       context clearly requires otherwise:

5       (a) "School year" means the period of time from July 1 of each year  
6       until June 30 of the following year.

7       (b) "ADA" means, as to any school corporation, the average number  
8       of pupils in daily attendance in the school corporation, determined in  
9       accordance with the rules and regulations established by the Indiana  
10      state board of education.

11      (c) "Current ADA" means the most recently determined ADA for  
12      the school corporation in question.

13      (d) With the exception provided for in section 6(b) of this chapter,  
14      "ADA ratio" means, as to any school corporation, the quotient resulting  
15      from a division of that school corporation's current ADA by that school  
16      corporation's ADA for the school year ending in 1973. However, in any  
17      case in which the quotient is less than one (1), the ADA ratio for the



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school corporation is one (1).

(e) "General fund" means the fund that the governing body of each school corporation is required to establish by IC 21-2-11-2.

(f) With the exceptions provided for in sections 4.4(a)(4), 4.5(c), 6(b), and 6(c) of this chapter, "base tax levy" means the total dollar amount of the ad valorem tax levy for its general fund that was levied by a school corporation for taxes collectible in 1973, assuming one hundred percent (100%) tax collection.

(g) "Excessive tax levy" means a school corporation's general fund ad valorem property tax levy for a calendar year which exceeds the maximum general fund ad valorem property tax levy permitted under section 1.5 of this chapter.

(h) "Normal tax levy" means the total dollar amount of any general fund ad valorem property tax levy that is made by a school corporation for a calendar year, and that is not an excessive tax levy.

(i) (e) "Tax control board" means the school property tax control board established by section 4.1 of this chapter.

SECTION 2. IC 6-1.1-19-1.5, AS AMENDED BY P.L.291-2001, SECTION 89, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 1.5. (a) The following definitions apply throughout this section and IC 21-3-1.7:

(1) "Adjustment factor" means the adjustment factor determined by the state board of tax commissioners for a school corporation under IC 6-1.1-34.

(2) "Adjusted target property tax rate" means:

(A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by

(B) the school corporation's adjustment factor.

(3) "Previous year property tax rate" means the school corporation's previous year general fund property tax rate after the reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3).

(b) Except as otherwise provided in this chapter, a school corporation may not, for an ensuing calendar year **after December 31, 2002**, impose a general fund ad valorem property tax levy **which that** exceeds the following:

STEP ONE: Determine the result of:

(A) the school corporation's adjusted target property tax rate;  
minus

(B) the school corporation's previous year property tax rate.

STEP TWO: Determine the result of:

(A) the school corporation's target general fund property tax

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rate determined under IC 21-3-1.7-6.8; multiplied by

(B) the quotient resulting from:

(i) the absolute value of the result of the school corporation's  
adjustment factor minus one (1); divided by

(ii) two (2);

STEP THREE: If the school corporation's adjusted target property  
tax rate:

(A) exceeds the school corporation's previous year property tax  
rate; perform the calculation under STEP FOUR and not under  
STEP FIVE;

(B) is less than the school corporation's previous year property  
tax rate; perform the calculation under STEP FIVE and not  
under STEP FOUR; or

(C) equals the school corporation's previous year property tax  
rate; determine the levy resulting from using the school  
corporation's adjusted target property tax rate and do not  
perform the calculation under STEP FOUR or STEP FIVE.

The school corporation's 2002 assessed valuation shall be used for  
purposes of determining the levy under clause (C) in 2002 and in  
2003.

STEP FOUR: Determine the levy resulting from using the school  
corporation's previous year property tax rate after increasing the  
rate by the lesser of:

(A) the STEP ONE result; or

(B) the sum of:

(i) five cents (\$0.05); plus

(ii) if the school corporation's adjustment factor is more than  
one (1); the STEP TWO result.

The school corporation's 2002 assessed valuation shall be used for  
purposes of determining the levy under this STEP in 2002 and in  
2003.

STEP FIVE: Determine the levy resulting from using the school  
corporation's previous year property tax rate after reducing the  
rate by the lesser of:

(A) the absolute value of the STEP ONE result; or

(B) the sum of:

(i) nine cents (\$0.09); plus

(ii) if the school corporation's adjustment factor is less than  
one (1); the STEP TWO result.

The school corporation's 2002 assessed valuation shall be used for  
purposes of determining the levy under this STEP in 2002 and in  
2003.

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STEP SIX: Determine the result of:

(A) the STEP THREE (C), STEP FOUR, or STEP FIVE result; whichever applies; plus

(B) an amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years:

The maximum levy is to include the portion of any excessive levy and the levy for new facilities:

(c) For purposes of this section, "total assessed value", as adjusted under subsection (d); with respect to a school corporation means the total assessed value of all taxable property for ad valorem property taxes first due and payable during that year:

(d) The state board of tax commissioners may adjust the total assessed value of a school corporation to eliminate the effects of appeals and settlements arising from a statewide general reassessment of real property:

(e) The state board shall annually establish an assessment ratio and adjustment factor for each school corporation to be used upon the review and recommendation of the budget committee. The information compiled, including background documentation, may not be used in a:

(1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13, IC 6-1.1-14, or IC 6-1.1-15;

(2) petition for a correction of error under IC 6-1.1-15-12; or

(3) petition for refund under IC 6-1.1-26:

(f) All tax rates shall be computed by rounding the rate to the nearest one-hundredth of a cent (\$0.0001). All tax levies shall be computed by rounding the levy to the nearest dollar amount: zero dollars (\$0).

SECTION 3. IC 6-1.1-19-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 2. (a) A county board of tax adjustment may not approve or recommend the approval of an excessive tax levy:

(b) If a school corporation adopts or advertises an excessive tax levy, the county board of tax adjustment which reviews the school corporation's budget, tax levy, and tax rate shall reduce the excessive tax levy to the maximum normal tax levy:

(c) If a county board of tax adjustment approves, or recommends the approval of, an excessive tax levy for a school corporation, the auditor of the county for which the county board is acting shall reduce the excessive tax levy to the maximum normal tax levy. Such a reduction shall be set out in the notice required to be published by the auditor

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under IC 6-1.1-17-12; and an appeal shall be permitted therefrom as provided under IC 6-1.1-17 as modified by this chapter.

(d) Appeals from any action of a county board of tax adjustment or county auditor in respect of a school corporation's budget, tax levy, or tax rate may be taken as provided for by IC 6-1.1-17. ~~Notwithstanding IC 6-1.1-17, a school corporation may appeal to the state board of tax commissioners for emergency financial relief for the ensuing calendar year at any time after the budget, tax rate, and tax levy of the school corporation are fixed under IC 6-1.1-17-5, but not later than twenty (20) days after the county auditor publishes notice under IC 6-1.1-17-12 of the tax rate to be charged in the school corporation for the ensuing calendar year.~~

(e) In the appeal petition in which a school corporation seeks emergency financial relief, the appellant school corporation shall allege that, unless it is given the emergency financial relief for which it petitions, it will be unable to carry out, in the ensuing calendar year, the public educational duty committed to it by law, and it shall support that allegation by reasonably detailed statements of fact.

(f) ~~When an appeal petition in which a school corporation petitions for emergency financial relief is filed with the state board of tax commissioners, the board shall include, in the notice of the hearing in respect of the petition that it is required to give under IC 6-1.1-17-16, a statement to the effect that the appellant school corporation is seeking emergency financial relief for the ensuing calendar year. A subsequent action taken by the state board of tax commissioners in respect of such an appeal petition is not invalid, however, or otherwise affected, if the board fails to include such a statement in the hearing notice.~~

SECTION 4. IC 6-1.1-19-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 7. Any recommendation that is to be made by the tax control board ~~to the state board of tax commissioners~~ pursuant to any provision of this chapter shall be made at such a time as is prescribed in this chapter and, if no time for the making of such a recommendation is prescribed in this chapter, then the recommendation shall be made at such a time as will permit the ~~state board~~ **department of tax commissioners local government finance** to complete those duties of the board that are defined in IC ~~1971, 6-1.1-17~~ within the time allowed by law for the completion of those duties, or such additional time as is reasonably necessary for the ~~state board~~ **department of tax commissioners local government finance** and the tax control board to complete the duties provided by this chapter. No tax levy shall be invalid because of the failure of either ~~department or~~ board to complete its duties within the

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time or time limits provided by this chapter or any other law. Subject to the provisions of this chapter, the ~~state board department of tax commissioners~~ **local government finance** may accept, reject, or accept in part and reject in part any recommendation of the tax control board that is made to it under this chapter and may make any order that is consistent with the provisions of IC ~~1971~~; 6-1.1-17. ~~The state board of tax commissioners may not approve or authorize an excessive tax levy except in accordance with the provisions of this chapter.~~

SECTION 5. IC 6-1.1-19-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 12. (a) A school corporation may appeal under this chapter to the department of local government finance to increase the amount of the state tuition support distributed to the school corporation under IC 21-3-1.7 in excess of the school corporation's target revenue per ADM determined under IC 21-3-1.7-6.7.**

**(b) The appeal must be filed before October 1 of the year preceding the year in which the school corporation seeks to have the increase take effect.**

**(c) If the school corporation can show a need for an increased state tuition support distribution due to the opening after December 31, 2001, of:**

- (1) a new school facility; or**
- (2) an existing facility that has not been used for at least three**
- (3) years and that is being reopened to provide additional classroom space;**

**the tax control board may recommend to the department of local government finance that the amount of tuition support distributed under IC 21-3-1.7 be increased in excess of the school corporation's target revenue per ADM determined under IC 21-3-1.7-6.7.**

**(d) The increase, if approved by the department of local government finance, shall be an amount equal to the increase in costs resulting to the school corporation from:**

- (1) the opening and operation of the new school facility; or**
- (2) the reopening and operation of an existing facility that has not been used for at least three (3) years and that is being reopened to provide additional classroom space.**

**(e) In determining the increased costs, the tax control board and the department of local government finance shall consider the:**

- (1) costs to the school corporation of complying with safety, health, space, heat, or lighting standards required by state or federal law or regulation; and**
- (2) other physical operation costs that in the opinion of the tax**

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control board and department of local government finance justify an adjustment in the school corporation's state tuition support distribution.

(f) If the department of local government finance approves an increase under this section, the department shall notify the department of education. The department of education shall adjust the state tuition support distributions to the school corporation to include the proposed increase. The additional amount distributed under this subsection does not increase the maximum amount distributable to school corporations for state tuition support under IC 21-3-1.7-9.

SECTION 6. IC 6-1.1-21-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5, is to be filed on or before March 1 of each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(5) and IC 6-1.1-18.5-13(6) filed after

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December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

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- 1 (i) IC 21-2-15 for a capital projects fund; plus
- 2 (ii) IC 6-1.1-19-10 for a racial balance fund; plus
- 3 (iii) IC 20-14-13 for a library capital projects fund; plus
- 4 (iv) IC 20-5-17.5-3 for an art association fund; plus
- 5 (v) IC 21-2-17 for a special education preschool fund; ~~plus~~
- 6 ~~(vi) an appeal filed under IC 6-1.1-19-5.1 for an increase in~~
- 7 ~~a school corporation's maximum permissible general fund~~
- 8 ~~levy for certain transfer tuition costs; plus~~
- 9 ~~(vii) an appeal filed under IC 6-1.1-19-5.4 for an increase in~~
- 10 ~~a school corporation's maximum permissible general fund~~
- 11 ~~levy for transportation operating costs; minus~~
- 12 ~~(H) the amount of property taxes imposed by a school~~
- 13 ~~corporation that is attributable to the passage, after 1983, of a~~
- 14 ~~referendum for an excessive tax levy under IC 6-1.1-19,~~
- 15 ~~including any increases in these property taxes that are~~
- 16 ~~attributable to the adjustment set forth in IC 6-1.1-19-1.5(a)~~
- 17 ~~STEP ONE or any other law; minus~~
- 18 ~~(H) (H) for each township in the county, the lesser of:~~
- 19 ~~(i) the sum of the amount determined in IC 6-1.1-18.5-19(a)~~
- 20 ~~STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE,~~
- 21 ~~whichever is applicable, plus the part, if any, of the~~
- 22 ~~township's ad valorem property tax levy for calendar year~~
- 23 ~~1989 that represents increases in that levy that resulted from~~
- 24 ~~an appeal described in IC 6-1.1-18.5-13(5) filed after~~
- 25 ~~December 31, 1982; or~~
- 26 ~~(ii) the amount of property taxes imposed in the township for~~
- 27 ~~the stated assessment year under the authority of~~
- 28 ~~IC 36-8-13-4; minus~~
- 29 ~~(I) (I) for each participating unit in a fire protection territory~~
- 30 ~~established under IC 36-8-19-1, the amount of property taxes~~
- 31 ~~levied by each participating unit under IC 36-8-19-8 and~~
- 32 ~~IC 36-8-19-8.5 less the maximum levy limit for each of the~~
- 33 ~~participating units that would have otherwise been available~~
- 34 ~~for fire protection services under IC 6-1.1-18.5-3 and~~
- 35 ~~IC 6-1.1-18.5-19 for that same year; minus~~
- 36 ~~(K) (J) for each county, the sum of:~~
- 37 ~~(i) the amount of property taxes imposed in the county for~~
- 38 ~~the repayment of loans under IC 12-19-5-6 that is included~~
- 39 ~~in the amount determined under IC 12-19-7-4(a) STEP~~
- 40 ~~SEVEN for property taxes payable in 1995, or for property~~
- 41 ~~taxes payable in each year after 1995, the amount~~
- 42 ~~determined under IC 12-19-7-4(b); and~~

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- 1 (ii) the amount of property taxes imposed in the county  
 2 attributable to appeals granted under IC 6-1.1-18.6-3 that is  
 3 included in the amount determined under IC 12-19-7-4(a)  
 4 STEP SEVEN for property taxes payable in 1995, or the  
 5 amount determined under IC 12-19-7-4(b) for property taxes  
 6 payable in each year after 1995; plus  
 7 (2) all taxes to be paid in the county in respect to mobile home  
 8 assessments currently assessed for the year in which the taxes  
 9 stated in the abstract are to be paid; plus  
 10 (3) the amounts, if any, of county adjusted gross income taxes that  
 11 were applied by the taxing units in the county as property tax  
 12 replacement credits to reduce the individual levies of the taxing  
 13 units for the assessment year, as provided in IC 6-3.5-1.1; plus  
 14 (4) the amounts, if any, by which the maximum permissible ad  
 15 valorem property tax levies of the taxing units of the county were  
 16 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated  
 17 assessment year; plus  
 18 (5) the difference between:  
 19 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;  
 20 minus  
 21 (B) the amount the civil taxing units' levies were increased  
 22 because of the reduction in the civil taxing units' base year  
 23 certified shares under IC 6-1.1-18.5-3(e).  
 24 (h) "December settlement sheet" means the certificate of settlement  
 25 filed by the county auditor with the auditor of state, as required under  
 26 IC 6-1.1-27-3.  
 27 (i) "Tax duplicate" means the roll of property taxes which each  
 28 county auditor is required to prepare on or before March 1 of each year  
 29 under IC 6-1.1-22-3.  
 30 SECTION 7. IC 6-1.1-21.5-5, AS AMENDED BY P.L.291-2001,  
 31 SECTION 209, IS AMENDED TO READ AS FOLLOWS  
 32 [EFFECTIVE JANUARY 1, 2003]: Sec. 5. (a) The board shall  
 33 determine the terms of a loan made under this chapter. However,  
 34 interest may not be charged on the loan, and the loan must be repaid  
 35 not later than ten (10) years after the date on which the loan was made.  
 36 (b) The loan shall be repaid ~~only~~ from:  
 37 (1) property tax revenues of the qualified taxing unit that are  
 38 subject to the levy limitations imposed by IC 6-1.1-18.5 or  
 39 IC 6-1.1-19; or  
 40 (2) **state tuition support distributions.**  
 41 The payment of any installment of principal constitutes a first charge  
 42 against such property tax revenues as collected by the qualified taxing

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unit during the calendar year the installment is due and payable.

(c) The obligation to repay the loan is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section may not be construed to prevent the qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

SECTION 8. IC 6-1.1-44 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]:

**Chapter 44. Miscellaneous Tax Allocation**

**Sec. 1. As used in this chapter, "miscellaneous tax" means the following:**

- (1) Financial institutions tax (IC 6-5.5-8-2).
- (2) Motor vehicle excise tax (IC 6-6-5-10).
- (3) Commercial vehicle excise tax (IC 6-6-5.5-20).
- (4) Aircraft excise tax (IC 6-6-6.5-21).
- (5) Auto rental excise tax (IC 6-6-9-11).
- (6) Boat excise tax (IC 6-6-11-31).

**Sec. 2. As used in this chapter, "tuition support levy" means with respect to a school corporation for a year the maximum general fund ad valorem property tax levy for the school corporation determined under IC 6-1.1-19-1.5 (as effective for the year that a levy is made).**

**Sec. 3. The department of local government finance shall compute a total levy miscellaneous tax allocation.**

**Sec. 4. The total levy miscellaneous tax allocation is equal to the education allocation determined under section 5 of this chapter.**

**Sec. 5. For each miscellaneous tax, the education allocation for a county is equal to the result determined under STEP SIX of the following formula:**

**STEP ONE: For 2000, 2001, and 2002, determine the result of:**

- (A) the part of the tuition support levy levied in the county for each school corporation that is at least partially located in the county; divided by
- (B) the amounts appropriated by all the taxing units in the county for the year.

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**STEP TWO: Determine the sum of the results determined under STEP ONE.**

**STEP THREE: Divide the STEP TWO result by three (3).**

**STEP FOUR: Determine the amount of the miscellaneous tax that would otherwise be distributed to all taxing units in the county under the law establishing the miscellaneous tax without regard to this section.**

**STEP FIVE: Determine the result of:**

**(A) the STEP FOUR amount; multiplied by**

**(B) the STEP THREE result.**

**STEP SIX: Determine the greater of:**

**(A) zero (0); or**

**(B) the STEP FIVE amount.**

**Sec. 6. The total levy miscellaneous tax allocation shall be used, as provided in each law establishing a miscellaneous tax, to determine the amount of tax proceeds to be distributed to the state and to a county.**

**Sec. 7. The department of local government finance shall annually certify the amount of:**

**(1) each county's total levy miscellaneous tax allocation; and**

**(2) the amount of the total levy miscellaneous tax allocation applicable to each school corporation in the county;**

**to the county auditor at the same time estimates of miscellaneous revenue for the ensuing year are provided to the counties.**

**SECTION 9. IC 6-3.5-1.1-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 14. (a) In determining the amount of property tax replacement credits civil taxing units and school corporations of a county are entitled to receive during a calendar year, the ~~state board of tax commissioners~~ **department of local government finance** shall consider only property taxes imposed on tangible property that was assessed in that county.**

**(b) If a civil taxing unit or a school corporation is located in more than one (1) county and receives property tax replacement credits from one (1) or more of the counties, then the property tax replacement credits received from each county shall be used only to reduce the property tax rates that are imposed within the county that distributed the property tax replacement credits.**

**(c) A civil taxing unit shall treat any property tax replacement credits that it receives or is to receive during a particular calendar year as a part of its property tax levy for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.**



(d) A school corporation shall treat any property tax replacement credits that the school corporation receives or is to receive during a particular calendar year as a part of its property tax levy for its ~~general fund~~, debt service fund, capital projects fund, transportation fund, **school bus replacement fund**, and special education preschool fund in proportion to the levy for each of these funds for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-19. A school corporation shall allocate the property tax replacement credits described in this subsection ~~to all five (5) among the~~ funds in proportion to the levy for each fund.

SECTION 10. IC 6-5.5-8-2, AS AMENDED BY P.L.273-1999, SECTION 58, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2. (a) On or before February 1, May 1, August 1, and December 1 of each year the auditor of state shall transfer to each county auditor for distribution to the taxing units (as defined in IC 6-1.1-1-21) in the county, an amount equal to one-fourth (1/4) of the sum of the guaranteed amounts for all the taxing units of the county. On or before August 1 of each year the auditor of state shall transfer to each county auditor the supplemental distribution for the county for the year.

(b) For purposes of determining distributions under subsection (b); (c), the ~~state board of tax commissioners~~ **department of local government finance** shall determine a state welfare allocation for each county, calculated as follows:

(1) For 2000 and each year thereafter, the state welfare allocation for each county equals the greater of zero (0) or the amount determined under the following formula:

STEP ONE: For 1997, 1998, and 1999, determine the result of:

(A) the amounts appropriated by the county in the year for the county's county welfare fund and county welfare administration fund; divided by

(B) the amounts appropriated by all the taxing units in the county in the year;

STEP TWO: Determine the sum of the results determined in STEP ONE.

STEP THREE: Divide the STEP TWO result by three (3).

STEP FOUR: Determine the amount that would otherwise be distributed to all the taxing units in the county under subsection (b) without regard to this subdivision.

STEP FIVE: Determine the result of:



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(A) the STEP FOUR amount; multiplied by

(B) the STEP THREE result.

(2) The state welfare allocation shall be deducted from the distributions otherwise payable under subsection ~~(b)~~ (c) to the taxing unit that is a county and shall be deposited in a special account within the state general fund.

**In addition, the department of local government finance shall determine a total levy miscellaneous tax allocation under IC 6-1.1-44. The total levy miscellaneous tax allocation shall be deducted from the distributions otherwise payable under subsection (c) to the taxing unit that is a county and shall be deposited in a special account within the state general fund.**

~~(b)~~ (c) A taxing unit's guaranteed distribution for a year is the greater of zero (0) or an amount equal to:

(1) the amount received by the taxing unit under IC 6-5-10 **(repealed)** and IC 6-5-11 **(repealed)** in 1989; minus

(2) the amount to be received by the taxing unit in the year of the distribution, as determined by the ~~state board of tax commissioners;~~ **department of local government finance**, from property taxes attributable to the personal property of banks, exclusive of the property taxes attributable to personal property leased by banks as the lessor where the possession of the personal property is transferred to the lessee; minus

(3) in the case of a taxing unit that is a county, the amount that would have been received by the taxing unit in the year of the distribution, as determined by the ~~state board of tax commissioners;~~ **department of local government finance**, from property taxes that:

(A) were calculated for the county's county welfare fund and county welfare administration fund for 2000 but were not imposed because of the repeal of IC 12-19-3 and IC 12-19-4; and

(B) would have been attributable to the personal property of banks, exclusive of the property taxes attributable to personal property leased by banks as the lessor where the possession of the personal property is transferred to the lessee.

~~(c)~~ (d) The amount of the supplemental distribution for a county for a year shall be determined using the following formula:

STEP ONE: Determine the greater of zero (0) or the difference between:

(A) one-half (1/2) of the taxes that the department estimates will be paid under this article during the year; minus

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(B) the sum of all the guaranteed distributions, before the subtraction of **the sum of** all state welfare allocations **and total county levy miscellaneous tax allocations** under subsection (a), for all taxing units in all counties plus the bank personal property taxes to be received by all taxing units in all counties, as determined under subsection ~~(b)(2)~~ **(c)(2)** for the year.

STEP TWO: Determine the quotient of:

(A) the amount received under IC 6-5-10 and IC 6-5-11 in 1989 by all taxing units in the county; divided by

(B) the sum of the amounts received under IC 6-5-10 and IC 6-5-11 in 1989 by all taxing units in all counties.

STEP THREE: Determine the product of:

(A) the amount determined in STEP ONE; multiplied by

(B) the amount determined in STEP TWO.

STEP FOUR: Determine the greater of zero (0) or the difference between:

(A) the amount of supplemental distribution determined in STEP THREE for the county; minus

(B) the amount of refunds granted under IC 6-5-10-7 that have yet to be reimbursed to the state by the county treasurer under IC 6-5-10-13.

For the supplemental distribution made on or before August 1 of each year, the department shall adjust the amount of each county's supplemental distribution to reflect the actual taxes paid under this article for the preceding year.

~~(d)~~ **(e)** Except as provided in subsection ~~(f)~~ **(g)**, the amount of the supplemental distribution for each taxing unit shall be determined using the following formula:

STEP ONE: Determine the quotient of:

(A) the amount received by the taxing unit under IC 6-5-10 and IC 6-5-11 in 1989; divided by

(B) the sum of the amounts used in STEP ONE (A) for all taxing units located in the county.

STEP TWO: Determine the product of:

(A) the amount determined in STEP ONE; multiplied by

(B) the supplemental distribution for the county, as determined in subsection (c), STEP FOUR.

~~(e)~~ **(f)** The county auditor shall distribute the guaranteed and supplemental distributions received under subsection (a) to the taxing units in the county at the same time that the county auditor makes the semiannual distribution of real property taxes to the taxing units.

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1       (†) (g) The amount of a supplemental distribution paid to a taxing  
2 unit that is a county shall be reduced by an amount equal to:

3       (1) the amount the county would receive under subsection (d)  
4 without regard to this subsection; minus

5       (2) an amount equal to:

6           (A) the amount under subdivision (1); multiplied by

7           (B) the result of the following:

8           (†) (i) Determine the amounts appropriated by the county in  
9 1997, 1998, and 1999 from the county's county welfare fund  
10 and county welfare administration fund, **plus the sum of the**  
11 **amount of property taxes imposed by the county in 2000,**  
12 **2001, and 2002 for the tuition support levy (as defined in**  
13 **IC 6-1.1-44-2) levied in the county for each school**  
14 **corporation that is at least partially located in the**  
15 **county, divided by the total amounts appropriated by all the**  
16 **taxing units in the county in the year plus the sum of the**  
17 **property taxes imposed by the county in 2000, 2001, and**  
18 **2002 for the tuition support levy (as defined in**  
19 **IC 6-1.1-44-2) levied in the county for each school**  
20 **corporation that is at least partially located in the**  
21 **county.**

22           (ii) Divide the amount determined in item (†) (i) by three (3).

23       SECTION 11. IC 6-6-5-10, AS AMENDED BY P.L.283-2001,  
24 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
25 JANUARY 1, 2003]: Sec. 10. (a) The bureau shall establish procedures  
26 necessary for the collection of the tax imposed by this chapter and for  
27 the proper accounting for the same. The necessary forms and records  
28 shall be subject to approval by the state board of accounts.

29       (b) The county treasurer, upon receiving the excise tax collections,  
30 shall receipt such collections into a separate account for settlement  
31 thereof at the same time as property taxes are accounted for and settled  
32 in June and December of each year, with the right and duty of the  
33 treasurer and auditor to make advances prior to the time of final  
34 settlement of such property taxes in the same manner as provided in  
35 IC 5-13-6-3.

36       (c) **Except as provided in subsection (d),** the county auditor shall  
37 determine the total amount of excise taxes collected for each taxing  
38 unit in the county and the amount so collected (and the distributions  
39 received under section 9.5 of this chapter) shall be apportioned and  
40 distributed among the respective funds of each taxing unit in the same  
41 manner and at the same time as property taxes are apportioned and  
42 distributed.

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(d) However, after December 31, 2002, an amount equal to the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2002, adjusted each year after 2002 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county, shall be treated as property taxes apportioned to the county unit. However, for purposes of determining distributions under this section for 2000 and each year thereafter, the state welfare allocation for each county equals the greater of zero (0) or the amount determined under STEP FIVE of the following STEPS:

STEP ONE: For 1997, 1998, and 1999, determine the result of:

- (i) (A) the amounts appropriated by the county in the year from the county's county welfare fund and county welfare administration fund; divided by
- (ii) (B) the total amounts appropriated by all the taxing units in the county in the year.

STEP TWO: Determine the sum of the results determined in STEP ONE.

STEP THREE: Divide the STEP TWO result by three (3).

STEP FOUR: Determine the amount that would otherwise be distributed to all the taxing units in the county under this subsection without regard to this subdivision.

STEP FIVE: Determine the result of:

- (i) (A) the STEP FOUR amount; multiplied by
- (ii) (B) the STEP THREE result.

**After 2002, the state welfare allocation and a total levy miscellaneous tax allocation determined under IC 6-1.1-44 shall be deducted from the total amount available for apportionment and distribution to taxing units under this section before any apportionment and distribution is made. The county auditor shall remit the state welfare allocation and the total levy miscellaneous tax allocation to the treasurer of state for deposit in a special account within the state general fund.**

(e) Such determination shall be made from copies of vehicle registration forms furnished by the bureau of motor vehicles. Prior to such determination, the county assessor of each county shall, from copies of registration forms, cause information pertaining to legal residence of persons owning taxable vehicles to be verified from the assessor's records, to the extent such verification can be so made. The assessor shall further identify and verify from the assessor's records the several taxing units within which such persons reside.

(f) Such verifications shall be done by not later than thirty (30)



1 days after receipt of vehicle registration forms by the county assessor,  
 2 and the assessor shall certify such information to the county auditor for  
 3 the auditor's use as soon as it is checked and completed.

4 SECTION 12. IC 6-6-5.5-20, AS ADDED BY P.L.181-1999,  
 5 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JANUARY 1, 2003]: Sec. 20. (a) On or before May 1, the auditor of  
 7 state shall distribute to each county auditor an amount equal to fifty  
 8 percent (50%) of the total base revenue to be distributed to all taxing  
 9 units in the county for that year.

10 (b) On or before December 1, the auditor of state shall distribute to  
 11 each county auditor an amount equal to the greater of the following:

12 (1) Fifty percent (50%) of the total base revenue to be distributed  
 13 to all taxing units in the county for that year.

14 (2) The product of the county's distribution percentage multiplied  
 15 by the total commercial vehicle excise tax revenue deposited in  
 16 the commercial vehicle excise tax fund.

17 (c) Upon receipt, the county auditor shall distribute to the taxing  
 18 units an amount equal to the product of the taxing unit's distribution  
 19 percentage multiplied by the total distributed to the county under this  
 20 section. The amount determined shall be apportioned and distributed  
 21 among the respective funds of each taxing unit in the same manner and  
 22 at the same time as property taxes are apportioned and distributed.

23 **However, for purposes of determining distributions under this**  
 24 **section for 2003 and each year thereafter, a total levy**  
 25 **miscellaneous tax allocation as determined under IC 6-1.1-44 shall**  
 26 **be deducted from the total amount available for apportionment**  
 27 **and distribution to taxing units under this section before any**  
 28 **apportionment and distribution is made. The county auditor shall**  
 29 **remit the total levy miscellaneous tax allocation to the treasurer of**  
 30 **state for deposit in a special account within the state general fund.**

31 (d) In the event that sufficient funds are not available in the  
 32 commercial vehicle excise tax fund for the distributions required by  
 33 subsection (a) and subsection (b)(1), the auditor of state shall transfer  
 34 funds from the commercial vehicle excise tax reserve fund.

35 (e) The auditor of state shall, not later than July 1 of each year,  
 36 furnish to each county auditor an estimate of the amounts to be  
 37 distributed to the counties under this section during the next calendar  
 38 year. Before August 1, each county auditor shall furnish to the proper  
 39 officer of each taxing unit of the county an estimate of the amounts to  
 40 be distributed to the taxing units under this section during the next  
 41 calendar year and the budget of each taxing unit shall show the  
 42 estimated amounts to be received for each fund for which a property

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1 tax is proposed to be levied.

2 SECTION 13. IC 6-6-6.5-21 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 21. (a) The  
4 department shall allocate each aircraft excise tax payment collected by  
5 it to the county in which the aircraft is usually located when not in  
6 operation or to the aircraft owner's county of residence if based out of  
7 state. The department shall distribute to each county treasurer on a  
8 quarterly basis the aircraft excise taxes which were collected by the  
9 department during the preceding three (3) months and which the  
10 department has allocated to that county. The distribution shall be made  
11 on or before the fifteenth of the month following each quarter and the  
12 first distribution each year shall be made in April.

13 (b) Concurrently with making a distribution of aircraft excise taxes,  
14 the department shall send an aircraft excise tax report to the county  
15 treasurer and the county auditor. The department shall prepare the  
16 report on the form prescribed by the state board of accounts. The  
17 aircraft excise tax report must include aircraft identification, owner  
18 information, and excise tax payment, and must indicate the county  
19 where the aircraft is normally kept when not in operation. The  
20 department shall, in the manner prescribed by the state board of  
21 accounts, maintain records concerning the aircraft excise taxes  
22 received and distributed by it.

23 (c) Except as provided in section 21.5 of this chapter, each county  
24 treasurer shall deposit money received by him under this chapter in a  
25 separate fund to be known as the "aircraft excise tax fund". The money  
26 in the aircraft excise tax fund shall be distributed to the taxing units of  
27 the county in the manner prescribed in subsection (d).

28 (d) In order to distribute the money in the county aircraft excise tax  
29 fund to the taxing units of the county, the county auditor shall first  
30 allocate the money in the fund among the taxing districts of the county.  
31 In making these allocations, the county auditor shall allocate to a taxing  
32 district the excise taxes collected with respect to aircraft usually  
33 located in the taxing district when not in operation. The money  
34 allocated to a taxing district shall be apportioned and distributed among  
35 the taxing units of that taxing district in the same manner and at the  
36 same time that the property taxes are apportioned and distributed.  
37 **However, for purposes of determining distributions under this**  
38 **section for 2003 and each year thereafter, a total levy**  
39 **miscellaneous tax allocation shall be deducted from the total**  
40 **amount available for apportionment and distribution to taxing**  
41 **units under this section before any apportionment and distribution**  
42 **is made. The county auditor shall remit the total levy miscellaneous**

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**tax allocation to the treasurer of state for deposit in a special account within the state general fund.**

(e) Within thirty (30) days following the receipt of excise taxes from the department, the county treasurer shall file a report with the county auditor concerning the aircraft excise taxes collected by the county treasurer. The county treasurer shall file the report on the form prescribed by the state board of accounts. The county treasurer shall, in the manner and at the times prescribed in IC 6-1.1-27, make a settlement with the county auditor for the aircraft excise taxes collected by the county treasurer. The county treasurer shall, in the manner prescribed by the state board of accounts, maintain records concerning the aircraft excise taxes received and distributed by him.

SECTION 14. IC 6-6-9-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 11. (a) All revenues collected from the auto rental excise tax shall be deposited in a special account of the state general fund called the auto rental excise tax account.

(b) On or before May 20 and November 20 of each year, all amounts held in the auto rental excise tax account shall be distributed to the county treasurers of Indiana.

(c) The amount to be distributed to a county treasurer equals that part of the total auto rental excise taxes being distributed that were initially imposed and collected from within that treasurer's county. The department shall notify each county auditor of the amount of taxes to be distributed to the county treasurer. At the same time each distribution is made to a county treasurer, the department shall certify to the county auditor each taxing district within the county where auto rental excise taxes were collected and the amount of the county distribution that was collected with respect to each taxing district.

(d) The county treasurer shall deposit auto rental excise tax collections into a separate account for settlement at the same time as property taxes are accounted for and settled in June and December of each year.

(e) **Except as provided in subsection (f),** the county auditor shall apportion and the county treasurer shall distribute the auto rental excise taxes among the taxing units of the county in the same manner that property taxes are apportioned and distributed with respect to property located in the taxing district where the auto rental excise tax was initially imposed and collected. The auto rental excise taxes distributed to a taxing unit shall be allocated among the taxing unit's funds in the same proportions that the taxing unit's property tax collections are allocated among those funds.

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(f) However, for purposes of determining distributions under this section for 2003 and each year thereafter, a total levy miscellaneous tax allocation shall be deducted from the total amount available for apportionment and distribution to taxing units under this section before any apportionment and distribution is made. The county auditor shall remit the total levy miscellaneous tax allocation to the treasurer of state for deposit in a special account within the state general fund.

(g) This subsection does not apply to a taxing unit that is a school corporation. Taxing units of a county may request and receive advances of auto rental excise tax revenues in the manner provided under IC 5-13-6-3.

~~(g)~~ (h) All distributions from the auto rental excise tax account shall be made by warrants issued by the auditor of state to the treasurer of state ordering those payments to the appropriate county treasurer.

SECTION 15. IC 6-6-11-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 31. (a) A boat excise tax fund is established in each county. Each county treasurer shall deposit in the fund the taxes received under this chapter.

(b) The excise tax money in the county boat excise tax fund shall be distributed to the taxing units of the county. The county auditor shall allocate the money in the fund among the taxing units of the county based on the tax situs of each boat. **Except as provided in subsection (c),** the money allocated to the taxing units shall be apportioned and distributed among the funds of the taxing units in the same manner and at the same time that property taxes are apportioned and distributed.

(c) However, for purposes of determining distributions under this section for 2003 and each year thereafter, a total levy miscellaneous tax allocation shall be deducted from the total amount available for apportionment and distribution to taxing units under this section before any apportionment and distribution is made. The county auditor shall remit the total levy miscellaneous tax allocation to the treasurer of state for deposit in a special account within the state general fund.

SECTION 16. IC 12-19-1.5-6, AS ADDED BY P.L.273-1999, SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 6. As used in this chapter, "replacement amount" means the sum of the property taxes imposed on the assessed value of property in the allocation area in excess of the base assessed value:

(1) in 1999 for:

(1) the county welfare fund; and

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(2) the county welfare administration fund; and  
**(2) in 2002 for the school general fund of a school corporation.**

SECTION 17. IC 12-19-1.5-8, AS ADDED BY P.L.273-1999, SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 8. (a) This chapter applies to an allocation area:

(1) in which:

~~(1) (A)~~ the holders of obligations received a pledge before July 1, 1999, of tax increment revenues to repay any part of the obligations due after December 31, 1999; and

~~(2) (B)~~ the elimination of a county welfare fund property tax levy or a county welfare administration fund property tax levy adversely affects the ability of the governing body to repay the obligations described in ~~subdivision (1)~~; **clause (A); or**

**(2) in which:**

**(A) the holders of obligations received a pledge before July 1, 2002, of tax increment revenues to repay any part of the obligations due after December 31, 2002; and**

**(B) the elimination of the school general fund levy adversely affects the ability of the governing body to repay the obligations described in subdivision (1).**

(b) A governing body may use one (1) or more of the procedures described in sections 9 through 11 of this chapter to provide sufficient funds to repay the obligations described in subsection (a). The amount raised each year may not exceed the replacement amount.

SECTION 18. IC 12-19-1.5-9, AS ADDED BY P.L.273-1999, SECTION 94, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 9. (a) A governing body may, after a public hearing, impose a special assessment on the owners of property that is located in an allocation area to repay:

**(1) a bond or an obligation described in ~~section 8~~ section 8(a)(1) of this chapter that comes due after December 31, 1999; or**

**(2) a bond or an obligation described in section 8(a)(2) of this chapter that comes due after December 31, 2002.**

The amount of a special assessment for a taxpayer shall be determined by multiplying the replacement amount by a fraction, the denominator of which is the total incremental assessed value in the allocation area, and the numerator of which is the incremental assessed value of the taxpayer's property in the allocation area.

(b) Before a public hearing under subsection (a) may be held, the governing body must publish notice of the hearing under IC 5-3-1. The notice must state that the governing body will meet to consider whether

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1 a special assessment should be imposed under this chapter and whether  
 2 the special assessment will help the governing body realize the  
 3 redevelopment or economic development objectives for the allocation  
 4 area or honor its obligations related to the allocation area. The notice  
 5 must also name a date when the governing body will receive and hear  
 6 remonstrances and objections from persons affected by the special  
 7 assessment. All persons affected by the hearing, including all taxpayers  
 8 within the allocation area, shall be considered notified of the pendency  
 9 of the hearing and of subsequent acts, hearings, and orders of the  
 10 governing body by the notice. At the hearing, which may be adjourned  
 11 from time to time, the governing body shall hear all persons affected by  
 12 the proceedings and shall consider all written remonstrances and  
 13 objections that have been filed. The only grounds for remonstrance or  
 14 objection are that the special assessment will not help the governing  
 15 body realize the redevelopment or economic development objectives  
 16 for the allocation area or honor its obligations related to the allocation  
 17 area. After considering the evidence presented, the governing body  
 18 shall take final action concerning the proposed special assessment. The  
 19 final action taken by the governing body shall be recorded and is final  
 20 and conclusive, except that an appeal may be taken in the manner  
 21 prescribed by subsection (c).

22 (c) A person who filed a written remonstrance with a governing  
 23 body under subsection (b) and is aggrieved by the final action taken  
 24 may, within ten (10) days after that final action, file in the office of the  
 25 clerk of the circuit or superior court a copy of the order of the  
 26 governing body and the person's remonstrance or objection against that  
 27 final action, together with a bond conditioned to pay the costs of appeal  
 28 if the appeal is determined against the person. The only ground of  
 29 remonstrance or objection that the court may hear is whether the  
 30 proposed assessment will help achieve the redevelopment of economic  
 31 development objectives for the allocation area or honor its obligations  
 32 related to the allocation area. An appeal under this subsection shall be  
 33 promptly heard by the court without a jury. All remonstrances or  
 34 objections upon which an appeal has been taken must be consolidated,  
 35 heard, and determined within thirty (30) days after the time of the filing  
 36 of the appeal. The court shall hear evidence on the remonstrances or  
 37 objections, and may confirm the final action of the governing body or  
 38 sustain the remonstrances or objections. The judgment of the court is  
 39 final and conclusive, unless an appeal is taken as in other civil actions.

40 (d) The maximum amount of a special assessment under this section  
 41 may not exceed the replacement amount.

42 (e) A special assessment shall be imposed and collected in the same

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manner as ad valorem property taxes are imposed and collected.

SECTION 19. IC 20-1-1.3-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 8. (a) A public school that receives a monetary award under this chapter may expend that award for any educational purpose for that school, except:

- (1) athletics;
- (2) salaries for school personnel; or
- (3) salary bonuses for school personnel.

(b) A monetary award may not be used to determine

~~(1) the maximum permissible general fund ad valorem property tax levy under IC 6-1.1-19-1.5; or~~

~~(2) the tuition support under IC 21-3-1.6~~ **IC 21-3-1.7**

of the school corporation of which the school receiving the monetary award is a part.

SECTION 20. IC 20-1-6-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 1. As used in this chapter, the following terms have the following meanings:

(1) "Child with a disability" means any child who is at least three (3) years of age but less than twenty-two (22) years of age and who because of physical or mental disability is incapable of being educated properly and efficiently through normal classroom instruction, but who with the advantage of a special educational program may be expected to benefit from instruction in surroundings designed to further the educational, social, or economic status of the child. Public schools may operate special education programs for hearing impaired children as young as six (6) months of age on an experimental basis upon the approval of the superintendent of public instruction and the Indiana state board of education.

(2) "Division" means the division of special education within the department of education.

(3) "Director" means the director of the division of special education.

(4) "School corporation" means any **school corporation (as defined in IC 20-5-1-3) authorized by law to establish public schools and levy taxes for the maintenance of the schools: or school township (IC 20-2-8-1).**

(5) "Individualized education program" means a written statement developed by a group that includes:

- (A) a representative of the school corporation or public agency responsible for educating the child;
- (B) the child's teacher;

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(C) the child's parent, guardian, or custodian;

(D) if appropriate, the child; and

(E) if the provision of services for a seriously emotionally disabled child is considered, a mental health professional provided by the community mental health center (as described under IC 12-29) or a managed care provider (as defined in IC 12-7-2-127(b)) and serving the community in which the child resides;

and that describes the special education to be provided to the child.

(6) "Preschool child with a disability" refers to a disabled child who is at least three (3) years of age by September 1 of the 1989-90 school year, August 1 of the 1990-91 school year, July 1 of the 1991-92 school year, or June 1 of the 1992-93 school year and every subsequent school year.

(7) "Special education" means instruction specially designed to meet the unique needs of a child with a disability. It includes transportation, developmental, corrective, and other support services and training only when required to assist a child with a disability to benefit from the instruction itself.

(8) "School year" has the meaning set forth in IC 20-10.1-2-1.

SECTION 21. IC 20-1-16-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 1. The state superintendent of public instruction is hereby designated and empowered to cooperate with the agricultural marketing service of the United States department of agriculture and other federal relief agencies in the distribution of surplus agricultural commodities to: ~~tax-supported~~

(1) public schools;

(2) private and parochial non-profit schools; ~~to~~

(3) local township and county relief agencies; and ~~to~~

(4) such other non-profit public and private institutions, as by law such commodities may be distributed.

SECTION 22. IC 20-2-2-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. (a) The township trustees of each and every township of each county shall perform all the civil functions performed before March 13, 1947, by such township trustees and together with other township trustees of the county shall constitute a county board of education for the purpose of managing the affairs of the county school corporation hereby created in each such county. School cities and school towns shall retain independent organization and administration unless abandoned as

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provided by law, and the county school corporation, also referred to in this chapter as the county, shall include all areas not organized on March 13, 1947, under the laws of this state into jurisdictions controlled and governed as school cities or school towns. Said county board of education may be referred to interchangeably as the county board of school trustees and as the board. Said board shall meet at such time as the board shall designate at the office of the county superintendent of schools and at such other times and places as the county superintendent of schools may deem necessary. At the first meeting of each year, to be held on the first Wednesday after the first Monday in January, the board shall organize by selecting a president, a vice president, a secretary, and a treasurer from its membership. Provided, however, that no later than April 12, 1947, it shall be the duty of the county superintendent of schools to call said board into special session and unless the county board of education shall elect to have the provisions of this section remain inoperative, under provisions that may be included within this section, said board shall so organize itself, except that the failure of the county superintendent of schools to call the county board of education into session within the prescribed limits of this section shall not be construed to mean that a county school corporation as described in this section shall be brought into existence in such county, and no such county school corporation shall be brought into existence until the board has met in special session subsequent to March 13, 1947, and has taken action to organize itself into a county school corporation, after consideration of the question whether it should elect to have the provisions of this section remain inoperative under provisions that may be included within this section. Such organization when and if effected shall be filed with the county auditor and shall be published by said auditor in two (2) newspapers of different political persuasions of general circulation throughout the county within ten (10) days after such filing, and such organization shall be deemed to fulfill all the requirements of this section for the transacting of public business under this section. The secretary of the board shall keep an accurate record of the minutes of the board, which minutes shall be kept at the county superintendent's office. The county superintendent shall act as administrator of the board and shall carry out such acts and duties as shall be designated by the board. A quorum shall consist of two-thirds (2/3) of the members of the board.

(b) The board shall make decisions as to the general conduct of the schools, which shall be enforced as entered upon the minutes recorded by the secretary of the board, and shall exercise all powers exercised before March 13, 1947, under the law, by or through township trustees

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or meetings or petitions of the trustees of the county.

(c) The board shall appoint a county superintendent of schools who shall serve for a term of four (4) years. The first such appointment under this section shall be made in accordance with law in June 1949, to become effective August 16, 1949, and thereafter the board shall fill vacancies in this office by appointments which shall expire at the end of the regular term. The county superintendent of schools and other persons employed for administrative or supervisory duties shall be deemed to be supervisors of instruction.

(d) **Except as otherwise provided by law**, the government of the common schools of the county shall be vested in the board, and the board shall function with all the authority, powers, privileges, duties, and obligations granted to or required of school cities before March 13, 1947, and school towns and their governing boards generally under the laws pertaining thereto with reference to the purchase of supplies, purchase and sale of buildings, grounds, and equipment, the erection of buildings, the employment and dismissal of school personnel, the right and power to sue and be sued in the name of the county, the insuring of property and employees, the levying and collecting of taxes, the making and executing of a budget, the borrowing of money, the paying of the salaries and expenses of the county superintendent and employees as approved by the board and to any act necessary to the proper administration of the common schools of the county.

(e) Such school corporations shall be vested with all right, title, and interest of their respective predecessor township school corporations hereby terminated to and in all the real, personal, and other property of any nature and from whatever source derived, and shall assume, pay, and be liable for all the indebtedness and liabilities of the same.

(f) The treasurer, before entering upon the duties of his office, shall execute a bond to the acceptance of the county auditor in an amount equal to the largest sum of money that will be in the possession of the treasurer at any one time conditioned as an ordinary official bond, with a reliable surety company or at least two (2) sufficient freehold sureties, who shall not be members of such board, as surety or sureties on such bond. The president and secretary shall each give bond, with like surety or sureties, to be approved by the county auditor, in the sum of one-fourth (1/4) of said amount. Provided, that such boards of school trustees may purchase said bonds from some reliable surety company, and pay for them out of the special school revenue of their respective counties.

(g) The powers set forth in this section shall not be considered as or construed to limit the power and authority of such boards to the powers

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1 therein expressly conferred or to restrict or modify any powers or  
2 authority granted by any other law not in conflict with the provisions  
3 of this section.

4 (h) ~~Every such board shall have, as respects the levy of taxes by it;~~  
5 ~~power annually to levy such amount of taxes as in the judgment of such~~  
6 ~~board; made matter of record in its minutes; should be levied to~~  
7 ~~produce income sufficient to conduct and carry on the common schools~~  
8 ~~committed to such board; and~~ It is hereby made the duty of such board  
9 annually to levy a sum sufficient to meet all payments of principal and  
10 interest as they will mature in the year for which such levy is made on  
11 the bonds, notes, or other obligations of such board. The power of such  
12 board in so making tax levies shall be exercised within statutory limits  
13 and said levies shall be subject to the same review as school city and  
14 school town levies.

15 SECTION 23. IC 20-2-9-2 IS AMENDED TO READ AS  
16 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2. Said school  
17 trustees shall maintain in each school corporation a term of school at  
18 least six (6) months in duration. ~~and shall authorize a local tuition levy~~  
19 ~~sufficient to conduct a six (6) months term of school each year based~~  
20 ~~on estimates and receipts from all sources for the previous year; which~~  
21 ~~may include that received from the state's tuition revenue: Provided;~~  
22 ~~Such levy shall not exceed the limit now provided by law.~~

23 SECTION 24. IC 20-3-11-18 IS AMENDED TO READ AS  
24 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 18. ~~Every such~~  
25 ~~board of school commissioners shall have, as respects the levy of taxes~~  
26 ~~by it; power annually to levy such amount of taxes as in the judgment~~  
27 ~~of said board; made matter of record in its minutes; should be levied to~~  
28 ~~produce income sufficient to conduct and carry on the work committed~~  
29 ~~to such board; and~~ It is hereby made the duty of said board annually to  
30 levy a sum sufficient to meet all payments of principal and interest as  
31 they will mature in the year for which such levy is made on the bonds,  
32 notes or other obligations of said board. ~~and the fund arising from any~~  
33 ~~levy made by such board shall be known as its "general fund."~~ Said  
34 ~~general fund may lawfully be used by said board for any purpose within~~  
35 ~~the scope of the duties of such board as imposed by law.~~

36 SECTION 25. IC 20-3.1-15-1, AS AMENDED BY P.L.100-2001,  
37 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
38 JANUARY 1, 2003]: Sec. 1. To provide the board with the necessary  
39 flexibility and resources to carry out this article, the following apply:

- 40 (1) The board may eliminate or modify existing policies, ~~and~~  
41 create new policies, and alter policies from time to time, subject  
42 to this article and the plan developed under IC 20-3.1-7.

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(2) Beginning on July 1, 2001, IC 20-7.5 applies to the school city; however, the provision of IC 20-7.5-1-5(a) that requires any items included in the 1972-1973 agreements between an employer school corporation and an employee organization to continue to be bargainable does not apply to the school city.

(3) The board of school commissioners may waive the following statutes and rules for any school in the school city without the need for administrative, regulatory, or legislative approval:

(A) The following rules concerning curriculum and instructional time:

511 IAC 6.1-3-4

511 IAC 6.1-5-0.5

511 IAC 6.1-5-1

511 IAC 6.1-5-2.5

511 IAC 6.1-5-3.5

511 IAC 6.1-5-4

(B) The following rules concerning pupil/teacher ratios:

511 IAC 6-2-1(b)(2)

511 IAC 6.1-4-1

(C) The following statutes and rules concerning textbooks, and rules adopted under the statutes:

IC 20-10.1-9-1

IC 20-10.1-9-18

IC 20-10.1-9-21

IC 20-10.1-9-23

IC 20-10.1-9-27

IC 20-10.1-10-1

IC 20-10.1-10-2

511 IAC 6.1-5-5

(D) The following rules concerning school principals:

511 IAC 6-2-1(c)(4)

511 IAC 6.1-4-2

(E) 511 IAC 2-2, concerning school construction and remodeling.

(4) Notwithstanding any other law, a school city may do the following:

(A) Lease school transportation equipment to others for nonschool use when the equipment is not in use for a school city purpose.

(B) Establish a professional development and technology fund to be used for:

(i) professional development; or

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(ii) technology, including video distance learning.

(C) Transfer funds obtained from sources other than state or local government taxation among any account of the school corporation, including a professional development and technology fund established under clause (B).

(5) Transfer funds ~~obtained from property taxation~~ among the general fund (established under IC 21-2-11) and the school transportation fund (established under IC 21-2-11.5). ~~subject to the following:~~

~~(A) The sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates for the general fund and the school transportation fund before a transfer occurs under this clause.~~

~~(B) This clause subdivision~~ does not allow a school corporation to transfer to any other fund money from the debt service fund (established under IC 21-2-4).

SECTION 26. IC 20-4-1-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 18. (a) Whenever the creation of a community school corporation out of an existing corporation would involve no change in its territorial boundaries or in its board of school trustees or other governing body, other than a change, if any, in the time of election or appointment or the time the board members take office, and such creation is consistent with the standards set up pursuant to the provisions of this chapter as modified, if any, by the standards set out in this section, the state board may upon its own motion or upon petition of the governing body of the existing school corporation at any time with hearing in the county where such school corporation is located, after notice by publication at least once in one (1) newspaper of general circulation published in the county where such school corporation is located, at least ten (10) but not more than thirty (30) days prior to the date of such hearing and without action of the county committee declare such existing school corporation to be a community school corporation by adopting a resolution to this effect. Such existing school corporation shall qualify as to size and financial resources if it has an average daily attendance of two hundred seventy (270) or more, in grades nine (9) through twelve (12), or of one thousand (1000) or more, in grades one (1) through twelve (12), and has an assessed valuation per pupil of five thousand dollars (\$5,000) or more. For the purposes of this provision the following terms shall have the following meanings:

(1) "County tax" shall be a property tax which is levied at an



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1 equal rate in the entire county in which any school corporation is  
 2 located, other than a tax qualifying as a county-wide tax within  
 3 the meaning of Acts 1959, c.328, s.2, or any similar statute, and  
 4 the net proceeds of which are distributed to school corporations  
 5 in the county.

6 (2) "Assessed valuation" of any school corporation shall mean the  
 7 net assessed value of its real and personal property as of March 1,  
 8 1964, adjusted in the same manner as such assessed valuation is  
 9 adjusted for each county by the ~~state board of tax commissioners~~  
 10 **department of local government finance** under Acts 1949,  
 11 c.247, s.5, as now or hereafter amended, unless such statute has  
 12 been repealed or no longer provides for such adjustment. In the  
 13 event a county has a county tax, then the assessed valuation of  
 14 each school corporation in the county shall be increased by the  
 15 amount of assessed valuation, if any, which would be required to  
 16 raise an amount of money, equal to the excess of the amount  
 17 distributed to any school corporation from the county tax over the  
 18 amount collected from such county tax in such school  
 19 corporation, using total taxes levied by such school corporation in  
 20 terms of rate excluding the countywide tax under Acts 1959,  
 21 c.328, s.2, or any similar statute, and including all other taxes  
 22 levied by or for such school corporation. ~~including but not limited~~  
 23 ~~to the county tax, bond fund levy, lease rental levy, library fund~~  
 24 ~~levy, special school fund levy, tuition fund levy, capital projects~~  
 25 ~~fund levy, and special funds levies.~~ Such increased valuation shall  
 26 be based on the excess distributed to the school corporation from  
 27 the county tax levied for the year 1964 and the total taxes levied  
 28 for such year, or if the county tax is first applied or is raised for  
 29 years after 1964, then the excess distributions and total taxes  
 30 levied for the year in which such tax is first applied or raised. In  
 31 the event such excess distribution and total taxes levied cannot be  
 32 determined accurately on or prior to the adoption of the resolution  
 33 provided in this section, excess distribution and taxes levied shall  
 34 be estimated by the ~~state board of tax commissioners~~ **department**  
 35 **of local government finance** using the last preceding assessed  
 36 valuations and tax rates or such other information as they shall see  
 37 fit, certifying such increased assessment to the state board prior  
 38 to such time. In all cases, the excess distribution shall be  
 39 determined upon the assumption that the county tax is one  
 40 hundred percent (100%) collected and all collections are  
 41 distributed.

42 (3) "Assessed valuation per pupil" of any school corporation

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means the assessed valuation of any such school corporation divided by its average daily attendance in grades one (1) through twelve (12).

(4) "Average daily attendance" in any school corporation shall mean the average daily attendance of pupils who are residents in such school corporation and in the particular grades to which such term refers for the school year 1964-1965 in accordance with the applicable regulations of the state superintendent of public instruction, used in determining such average daily attendance in the distribution of the tuition funds by the state to its various school corporations where such funds are distributed on such basis and irrespective of whether such figures are the actual resident daily attendance of such school for the school year.

(b) Such community school corporation shall automatically come into being on either July 1 or January 1 following the date of such approval, whichever is earlier. The state board shall mail by certified United States mail, return receipt requested, a copy of such resolution certified by its director or its secretary to the recorder of the county from which the county committee having jurisdiction of such existing school corporation was appointed and to such county committee. Such resolution may change the time of election or appointment of the board members of such school corporation or the time such board members take office. The recorder shall without cost record such certified resolution in the miscellaneous records of the county. Such recording shall constitute a permanent record of the action of the state board and may be relied on by any person. Unless the resolution otherwise provides no interim board member shall be appointed, the board members in office on the date of such action shall continue to constitute the board of trustees of such school corporation until their successors are qualified, and the terms of their respective office and board membership shall remain unchanged except to the extent that such resolution otherwise provides. For all purposes under this chapter, community school corporation shall be regarded as a school corporation created under the provisions of section 22 of this chapter.

SECTION 27. IC 20-4-1-26.9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 26.9. (a) This section applies to each school corporation, whenever created.

(b) ~~Each board of school trustees created under this chapter may annually levy the amount of taxes that, in the judgment of the board, made a matter of record in its minutes, should be levied to produce income sufficient to conduct and carry on the public schools committed to the board.~~ The board shall annually levy a rate that will produce a

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1 sum sufficient to meet all payments of principal and interest as they  
 2 mature in the year for which the levy is made on the bonds, notes, or  
 3 other obligations of the community school corporation.

4 (c) The power of the board in making tax levies shall be exercised  
 5 within existing statutory limits. The levies are subject to the same  
 6 review as school city levies and shall be at a uniform and equal rate on  
 7 all taxable property located within the boundaries of the community  
 8 school corporation.

9 SECTION 28. IC 20-4-8-11 IS AMENDED TO READ AS  
 10 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 11. (a) The board  
 11 as above referred to shall make decisions pertaining to the general  
 12 conduct of the schools which shall be enforced as entered upon the  
 13 minutes recorded by the secretary of the board and, ~~subject to~~  
 14 ~~provisions in this chapter except as~~ otherwise **provided by law**, shall  
 15 exercise all powers previously exercised under the law, by or through  
 16 township trustees or meetings or petitions of the township trustees of  
 17 the county, or county boards of education previously existing and such  
 18 offices, namely, township trustee, county board or county boards of  
 19 education insofar as the conduct of public schools is concerned are  
 20 abolished as of noon on the day and date the county school corporation  
 21 is created and comes into existence under this chapter.

22 (b) The county superintendent of schools and other persons  
 23 employed for administrative or supervisory duties may be deemed to  
 24 be supervisors of instruction.

25 (c) The government of the common schools of the county shall be  
 26 vested in the board, and the board shall function with all the authority,  
 27 powers, privileges, duties, and obligations previously granted to or  
 28 required of school cities and their governing boards generally under the  
 29 laws pertaining thereto with reference to the purchase of supplies,  
 30 purchase and sale of buildings, grounds, and equipment, the erection  
 31 of buildings, the employment and dismissal of school personnel, the  
 32 insuring of property and employees, the levying and collecting of taxes,  
 33 the making and executing of a budget, the borrowing of money, the  
 34 paying of the salaries and expenses of the county superintendent and  
 35 employees as approved by the board, shall be a body corporate and  
 36 politic by the name and style of "The County School Corporation of  
 37 \_\_\_\_\_ County, Indiana" with the right to prosecute and defend suits;  
 38 and shall act in any manner necessary to the proper administration of  
 39 the common schools of the county.

40 (d) School corporations shall be vested with all rights, titles, and  
 41 interests of their respective predecessor township and town school  
 42 corporations terminated; and in all the real, personal, and other

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property of any nature and from whatever source derived, and shall assume, pay, and be liable for all the indebtedness, obligations, and liabilities and duties of the predecessor corporations from whatever source derived and however arising, and shall institute and defend suits arising out of aforesaid liabilities, obligations, duties, and rights assumed as a county school corporation.

(e) The treasurer, before entering upon the duties of his office, shall execute a bond to the acceptance of the county auditor in an amount equal to the largest sum of money that will be in the possession of the treasurer at any one time, conditioned as an ordinary official bond, with a reliable surety company or at least two (2) sufficient freehold sureties, who shall not be members of such board, as surety or sureties on such bond. The president and the secretary shall each give bond, with like surety or sureties, to be approved by the county auditor, in the sum of one-fourth (1/4) of said amount. Boards of school trustees may purchase bonds from some reliable surety company and pay for them out of the special school revenue of their respective counties.

(f) The powers set forth in this section shall not be considered as or construed to limit the power and authority of such boards to the powers therein expressly conferred or to restrict or modify any powers or authority granted by any other law not in conflict with the provisions of this section.

(g) ~~Every such board shall have the power annually to levy such amount of taxes as in the judgment of such board; made matter of record in its minutes; should be levied to produce income sufficient to conduct and carry on the common schools committed to such board; and~~ It is made the duty of such board annually to levy a rate and levy that will produce a sum sufficient to meet all payments of principal and interest as they will mature in the year for which such levy is made on the bonds, notes, or other obligations of such board. The power of such board in so making tax levies shall be exercised within existing statutory limits and said levies shall be subject to the same review as school city levies.

SECTION 29. IC 20-4-8-21 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 21. (a) The board as referred to in this chapter shall make decisions pertaining to the general conduct of the schools which shall be enforced as entered upon the minutes recorded by the secretary of the board, and, subject to this chapter, **except as otherwise provided by law**, shall exercise all powers previously exercised under the law, by or through township trustees or meetings or petitions of the township trustees of the county, and/or county boards of education previously existing, and such offices,

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1 namely township trustee, county board and/or county boards of  
 2 education insofar as the conduct of public schools is concerned are  
 3 hereby abolished as of noon on the day and date the metropolitan  
 4 school district is created and comes into existence.

5 (b) The metropolitan superintendent of schools and other persons  
 6 employed for administrative or supervisory duties may be deemed to  
 7 be supervisors of instruction and as such eligible, subject to the rules  
 8 that have been or shall be adopted by the state board of education, to  
 9 qualify for teaching units in accordance with law.

10 (c) The government of the common schools of said district shall be  
 11 vested in the board, and the board shall function with all the authority,  
 12 powers, privileges, duties, and obligations previously granted to or  
 13 required of school cities and their governing boards generally under the  
 14 laws pertaining thereto with reference to the purchase of supplies,  
 15 purchase and sale of buildings, grounds, and equipment, the erection  
 16 of buildings, the employment and dismissal of school personnel, the  
 17 insuring of property and employees, the levying and collecting of taxes,  
 18 the making and executing of a budget, the borrowing of money, the  
 19 paying of the salaries and expenses of the county superintendent and  
 20 employees as approved by the board; shall be a body corporate and  
 21 politic by the name and style of "The Metropolitan School District of  
 22 \_\_\_\_\_, Indiana" with the right to prosecute and defend suits and  
 23 shall act in any manner necessary to the proper administration of the  
 24 common schools of the county.

25 (d) Such school districts shall be vested with all rights, titles, and  
 26 interests of their respective predecessor township and town school  
 27 corporations hereby terminated and in all the real, personal, and other  
 28 property of any nature and from whatever source derived, and shall  
 29 assume, pay, and be liable for all the indebtedness, obligations, and  
 30 liabilities and duties of said predecessor corporations from whatever  
 31 source derived and however arising and shall institute and defend suits  
 32 arising out of aforesaid liabilities, obligations, duties, and rights  
 33 assumed as a metropolitan school district.

34 (e) The treasurer, before entering upon the duties of his office, shall  
 35 execute a bond to the acceptance of the county auditor which shall in  
 36 no event be greater than the largest sum of money that will be in the  
 37 possession of the treasurer at any one time. The board of education may  
 38 purchase said bond from a reliable surety company and pay for it out  
 39 of the special school revenue of the metropolitan district.

40 (f) The powers set forth in this section shall not be considered as or  
 41 construed to limit the power and authority of such boards to the powers  
 42 therein expressly conferred or to restrict or modify any powers or

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1 authority granted by any other law not in conflict with the provisions  
2 of this section.

3 (g) Every such board shall have the power annually to levy such  
4 amount of taxes as in the judgment of such board; made matter of  
5 record in its minutes; should be levied to produce income sufficient to  
6 conduct and carry on the common schools committed to such board;  
7 and It is hereby made the duty of such board annually to levy a rate and  
8 levy that will produce a sum sufficient to meet all payments of  
9 principal and interest as they will mature in the year for which such  
10 levy is made on the bonds, notes, or other obligations of such board.  
11 The power of such board in so making tax levies shall be exercised  
12 within statutory limits and said levies shall be subject to the same  
13 review as school city levies.

14 SECTION 30. IC 20-4-16-1 IS AMENDED TO READ AS  
15 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 1. As used in this  
16 chapter, the following terms shall have the following meanings:

17 (a) "City" or "town" shall be a city or town which conducts its  
18 school as school city or school town or as part of a consolidated or  
19 metropolitan school corporation.

20 (b) "Annexing school corporation" shall be the school corporation  
21 of any city or town which annexes territory.

22 (c) "Original school corporation" shall be a school corporation from  
23 whom territory is annexed.

24 (d) "Annexed territory" shall be the territory annexed from an  
25 original school corporation by such city or town.

26 (e) "Tax receipts" shall be the amounts received from the tax levy  
27 for the ~~tuition and special~~ school funds by the original school  
28 corporation from the annexed territory.

29 SECTION 31. IC 20-5-1.5-7 IS AMENDED TO READ AS  
30 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 7. A school  
31 corporation does not have any of the following powers:

32 (1) Those powers expressly prohibited of a unit under  
33 IC 36-1-3-8.

34 (2) The power for eminent domain, unless specifically authorized  
35 by statute.

36 (3) The power to prescribe a civil penalty or a fine.

37 (4) The power to adopt ordinances.

38 (5) The power to require the attendance of witnesses and the  
39 production of documents relative to matters being considered,  
40 unless specifically authorized by statute.

41 (6) The power to exercise powers outside of the boundaries of the  
42 school corporation, unless authorized by statute through joint

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1 agreements or otherwise.

2 **(7) The power to impose a tax, except as expressly granted by**  
 3 **statute.**

4 SECTION 32. IC 20-5-2-2, AS AMENDED BY P.L.286-2001,  
 5 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 6 JANUARY 1, 2003]: Sec. 2. In carrying out the school purposes of  
 7 each school corporation, its governing body acting on its behalf shall  
 8 have the following specific powers:

9 (1) In the name of the school corporation, to sue and be sued and  
 10 to enter into contracts in matters permitted by applicable law.

11 (2) To take charge of, manage, and conduct the educational affairs  
 12 of the school corporation and to establish, locate, and provide the  
 13 necessary schools, school libraries, other libraries where  
 14 permitted by law, other buildings, facilities, property, and  
 15 equipment therefor.

16 (2.5) To appropriate from the general fund an amount, not to  
 17 exceed the greater of three thousand dollars (\$3,000) per budget  
 18 year or one dollar (\$1) per pupil, not to exceed twelve thousand  
 19 five hundred dollars (\$12,500), based upon the school  
 20 corporation's previous year's average daily membership (as  
 21 defined in IC 21-3-1.6-1.1) for the purpose of promoting the best  
 22 interests of the school corporation by:

23 (A) the purchase of meals, decorations, memorabilia, or  
 24 awards;

25 (B) provision for expenses incurred in interviewing job  
 26 applicants; or

27 (C) developing relations with other governmental units.

28 (3) To acquire, construct, erect, maintain, hold, and to contract for  
 29 such construction, erection, or maintenance of such real estate,  
 30 real estate improvements, or any interest in either, as the  
 31 governing body deems necessary for school purposes, including  
 32 but not limited to buildings, parts of buildings, additions to  
 33 buildings, rooms, gymnasiums, auditoriums, playgrounds, playing  
 34 and athletic fields, facilities for physical training, buildings for  
 35 administrative, office, warehouse, repair activities, or housing of  
 36 school owned buses, landscaping, walks, drives, parking areas,  
 37 roadways, easements and facilities for power, sewer, water,  
 38 roadway, access, storm and surface water, drinking water, gas,  
 39 electricity, other utilities and similar purposes, by purchase, either  
 40 outright for cash (or under conditional sales or purchases money  
 41 contracts providing for a retention of a security interest by seller  
 42 until payment is made or by notes where such contract, security

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retention, or note is permitted by applicable law), by exchange, by gift, by devise, by eminent domain, by lease with or without option to purchase, or by lease under IC 21-5-10, IC 21-5-11, or IC 21-5-12. To repair, remodel, remove, or demolish any such real estate, real estate improvements, or interest in either, as the governing body deems necessary for school purposes, and to contract therefor. To provide for energy conservation measures through utility energy efficiency programs or under a guaranteed energy savings contract as described in IC 36-1-12.5.

(4) To acquire such personal property or any interest therein as the governing body deems necessary for school purposes, including but not limited to buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by outright purchase for cash, or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where such contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish such personal property. All purchases and contracts delineated under the powers given under subdivision (3) and this subdivision shall be subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of agencies of the state as provided in section 3 of this chapter.

(5) To sell or exchange any of such real or personal property or interest therein, which in the opinion of the governing body is not necessary for school purposes, in accordance with IC 20-5-5, to demolish or otherwise dispose of such property if, in the opinion of the governing body, it is not necessary for school purposes and is worthless, and to pay the expenses for such demolition or disposition.

(6) To lease any school property for a rental which the governing body deems reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children aged five (5) through fourteen (14) years that operates before or after the school day, or both, and during periods when school is not in session;

if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or

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1 other governmental entity, if the corporation, organization, or  
2 other governmental entity will use the property to be leased for  
3 civic or public purposes or for a school age child care program.  
4 However, if the property subject to a long term lease is being paid  
5 for from money in the school corporation's debt service fund, then  
6 all proceeds from the long term lease shall be deposited in that  
7 school corporation's debt service fund so long as the property has  
8 not been paid for. The governing body may, at its option, use the  
9 procedure specified in IC 36-1-11-10 in leasing property under  
10 this subdivision.

11 (7) To employ, contract for, and discharge superintendents,  
12 supervisors, principals, teachers, librarians, athletic coaches  
13 (whether or not they are otherwise employed by the school  
14 corporation and whether or not they are licensed under  
15 IC 20-6.1-3), business managers, superintendents of buildings and  
16 grounds, janitors, engineers, architects, physicians, dentists,  
17 nurses, accountants, teacher aides performing noninstructional  
18 duties, educational and other professional consultants, data  
19 processing and computer service for school purposes, including  
20 but not limited to the making of schedules, the keeping and  
21 analyzing of grades and other student data, the keeping and  
22 preparing of warrants, payroll, and similar data where approved  
23 by the state board of accounts as provided below, and such other  
24 personnel or services, all as the governing body considers  
25 necessary for school purposes. To fix and pay the salaries and  
26 compensation of such persons and such services. To classify such  
27 persons or services and to adopt schedules of salaries or  
28 compensation. To determine the number of such persons or the  
29 amount of services thus employed or contracted for. To determine  
30 the nature and extent of their duties. The compensation, terms of  
31 employment, and discharge of teachers shall, however, be subject  
32 to and governed by the laws relating to employment, contracting,  
33 compensation, and discharge of teachers. The compensation,  
34 terms of employment, and discharge of bus drivers shall be  
35 subject to and shall be governed by any laws relating to  
36 employment, contracting, compensation, and discharge of bus  
37 drivers. The forms and procedures relating to the use of computer  
38 and data processing equipment in handling the financial affairs of  
39 such school corporation shall be submitted to the state board of  
40 accounts for approval to the end that such services shall be used  
41 by the school corporation when the governing body determines  
42 that it is in the best interests of the school corporation while at the

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1 same time providing reasonable accountability for the funds  
2 expended.

3 (8) Notwithstanding the appropriation limitation in subdivision  
4 (2.5), when the governing body by resolution deems a trip by an  
5 employee of the school corporation or by a member of the  
6 governing body to be in the interest of the school corporation,  
7 including but not limited to attending meetings, conferences, or  
8 examining equipment, buildings, and installation in other areas,  
9 to permit such employee to be absent in connection with such trip  
10 without any loss in pay and to refund to such employee or to such  
11 member his reasonable hotel and board bills and necessary  
12 transportation expenses. To pay teaching personnel for time spent  
13 in sponsoring and working with school related trips or activities.  
14 (9) To transport children to and from school, when in the opinion  
15 of the governing body such transportation is necessary, including  
16 but not limited to considerations for the safety of such children  
17 and without regard to the distance they live from the school, such  
18 transportation to be otherwise in accordance with the laws  
19 applicable thereto.

20 (10) To provide a lunch program for a part or all of the students  
21 attending the schools of the school corporation, including but not  
22 limited to the establishment of kitchens, kitchen facilities, kitchen  
23 equipment, lunch rooms, the hiring of the necessary personnel to  
24 operate such program, and the purchase of any material and  
25 supplies therefor, charging students for the operational costs of  
26 such lunch program, fixing the price per meal or per food item. To  
27 operate such lunch program as an extracurricular activity, subject  
28 to the supervision of the governing body. To participate in any  
29 surplus commodity or lunch aid program.

30 (11) To purchase textbooks, to furnish them without cost or to  
31 rent them to students, to participate in any textbook aid program,  
32 all in accordance with applicable law.

33 (12) To accept students transferred from other school corporations  
34 and to transfer students to other school corporations in accordance  
35 with applicable law.

36 (13) To levy **the taxes authorized by statute**, to make budgets,  
37 to appropriate funds, and to disburse the money of the school  
38 corporation in accordance with the laws applicable thereto. To  
39 borrow money against current tax collections and otherwise to  
40 borrow money, in accordance with IC 20-5-4.

41 (14) To purchase insurance or to establish and maintain a  
42 program of self-insurance relating to the liability of the school

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1 corporation or its employees in connection with motor vehicles or  
 2 property and for any additional coverage to the extent permitted  
 3 and in accordance with IC 34-13-3-20. To purchase additional  
 4 insurance or to establish and maintain a program of self-insurance  
 5 protecting the school corporation and members of the governing  
 6 body, employees, contractors, or agents of the school corporation  
 7 from any liability, risk, accident, or loss related to any school  
 8 property, school contract, school or school related activity,  
 9 including but not limited to the purchase of insurance or the  
 10 establishment and maintenance of a self-insurance program  
 11 protecting such persons against false imprisonment, false arrest,  
 12 libel, or slander for acts committed in the course of their  
 13 employment, protecting the school corporation for fire and  
 14 extended coverage and other casualty risks to the extent of  
 15 replacement cost, loss of use, and other insurable risks relating to  
 16 any property owned, leased, or held by the school corporation. To:

17 (A) participate in a state employee health plan under  
 18 IC 5-10-8-6.6;

19 (B) purchase insurance; or

20 (C) establish and maintain a program of self-insurance;  
 21 to benefit school corporation employees, which may include  
 22 accident, sickness, health, or dental coverage, provided that any  
 23 plan of self-insurance shall include an aggregate stop-loss  
 24 provision.

25 (15) To make all applications, to enter into all contracts, and to  
 26 sign all documents necessary for the receipt of aid, money, or  
 27 property from the state government, the federal government, or  
 28 from any other source.

29 (16) To defend any member of the governing body or any  
 30 employee of the school corporation in any suit arising out of the  
 31 performance of his duties for or employment with, the school  
 32 corporation, provided the governing body by resolution  
 33 determined that such action was taken in good faith. To save any  
 34 such member or employee harmless from any liability, cost, or  
 35 damage in connection therewith, including but not limited to the  
 36 payment of any legal fees, except where such liability, cost, or  
 37 damage is predicated on or arises out of the bad faith of such  
 38 member or employee, or is a claim or judgment based on his  
 39 malfeasance in office or employment.

40 (17) To prepare, make, enforce, amend, or repeal rules,  
 41 regulations, and procedures for the government and management  
 42 of the schools, property, facilities, and activities of the school

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corporation, its agents, employees, and pupils and for the operation of its governing body, which rules, regulations, and procedures may be designated by any appropriate title such as "policy handbook", "bylaws", or "rules and regulations".

(18) To ratify and approve any action taken by any member of the governing body, any officer of the governing body, or by any employee of the school corporation after such action is taken, if such action could have been approved in advance, and in connection therewith to pay any expense or compensation permitted under IC 20-5-1 through IC 20-5-6 or any other law.

(19) To exercise any other power and make any expenditure in carrying out its general powers and purposes provided in this chapter or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, including but not limited to the acquisition of property or the employment or contracting for services, even though such power or expenditure shall not be specifically set out herein. The specific powers set out in this section shall not be construed to limit the general grant of powers provided in this chapter except where a limitation is set out in IC 20-5-1 through IC 20-5-6 by specific language or by reference to other law.

SECTION 33. IC 20-5-4-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 6. If the governing board shall find, by written resolution, that an emergency exists which requires the expenditure of any money for any lawful corporate purpose **payable from the capital projects fund, the transportation fund, the school bus replacement fund, or the special education preschool fund**, which was not included in its existing budget and tax levy, it may authorize the making of an emergency loan which may be evidenced by the issuance of its note or notes in the same manner and subject to the same procedure and restrictions as provided for the issuance of its bonds, except as to purpose. At the time for making the next annual budget and tax levy for such school corporation, the governing body shall, **subject to the levy limitations imposed by statute**, make a levy to the credit of the fund for which such expenditure is made sufficient to pay such debt and the interest thereon; however, the interest on the loan may be paid from the debt service fund.

SECTION 34. IC 20-5-4-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 10. (1) Prior to the end of each calendar year the **state board department of tax**

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1 ~~commissioners local government finance~~ shall review the ~~bond and~~  
 2 ~~lease rental levies; or any levies which replace such levies; debt~~  
 3 ~~service fund levies~~ of each school corporation, payable in the next  
 4 succeeding year, and the appropriations from such levies from which  
 5 the school corporation is to pay the amount, if any, of principal and  
 6 interest on its general obligation bonds and of its lease rentals under  
 7 IC 21-5-11 through IC 21-5-12, during such succeeding year (such  
 8 amounts being referred to in this section as its "debt service  
 9 obligations"). In the event such levies and appropriations of the school  
 10 corporation are not sufficient to pay the debt service obligations, the  
 11 ~~state board department~~ shall establish for each school corporation  
 12 ~~bond and lease; rental levies; or any levies which replace such levies~~  
 13 ~~and appropriations which debt service fund levies that~~ are sufficient  
 14 to pay such debt service obligations.

15 (2) Upon the failure of any school corporation to pay any of its debt  
 16 service obligations during any calendar year when due, the treasurer of  
 17 state upon being notified of such failure by any claimant shall make  
 18 such payment from the funds of the state to the extent, but not in  
 19 excess, of any amounts appropriated by the general assembly for the  
 20 calendar year for distribution to such school corporation from state  
 21 funds, deducting such payment from such amounts thus appropriated.  
 22 Such deducting being made, first from property tax relief funds to the  
 23 extent thereof, second from all other funds except tuition support and  
 24 third from tuition support.

25 (3) This section shall be interpreted liberally so that the state of  
 26 Indiana shall to the extent legally valid ensure that the debt service  
 27 obligations of each school corporation shall be paid, but nothing  
 28 contained in this section shall be construed to create a debt of the state  
 29 of Indiana.

30 SECTION 35. IC 20-5-62-6, AS AMENDED BY P.L.77-1999,  
 31 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 32 JANUARY 1, 2003]: Sec. 6. Except as provided in this chapter and  
 33 notwithstanding any other law, a freeway school corporation or a  
 34 freeway school may do the following during the contract period:

35 (1) Disregard the observance of any statute or rule that is listed in  
 36 the contract.

37 (2) Lease school transportation equipment to others for nonschool  
 38 use when the equipment is not in use for a school corporation  
 39 purpose, if the lessee has not received a bid from a private entity  
 40 to provide transportation equipment or services for the same  
 41 purpose.

42 (3) Replace the budget and accounting system that is required by

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law with a budget or accounting system that is frequently used in the private business community. The state board of accounts may not go beyond the requirements imposed upon the state board of accounts by statute in reviewing the budget and accounting system used by a freeway school corporation or a freeway school. (4) Establish a professional development and technology fund to be used for:

- (A) professional development; or
- (B) technology, including video distance learning.

However, any money deposited in the professional development and technology fund for technology purposes must be transferred to the school technology fund established under IC 21-2-18.

(5) Subject to subdivision (4), transfer funds obtained from sources other than state or local government taxation among any accounts of the school corporation, including a professional development and technology fund established under subdivision (4).

(6) Transfer funds ~~obtained from property taxation and from state distributions~~ among the general fund (established under IC 21-2-11) and the school transportation fund (established under IC 21-2-11.5). ~~subject to the following:~~

~~(A) The sum of the property tax rates for the general fund and the school transportation fund after a transfer occurs under this subdivision may not exceed the sum of the property tax rates for the general fund and the school transportation fund before a transfer occurs under this subdivision.~~

~~(B)~~ This subdivision does not allow a school corporation to transfer to any other fund money from the:

- ~~(i)~~ (A) capital projects fund (established under IC 21-2-15); or
- ~~(ii)~~ (B) debt service fund (established under IC 21-2-4).

(7) Establish a locally adopted assessment program to replace the assessment of students under the ISTEP program established under IC 20-10.1-16-8, subject to the following:

(A) A locally adopted assessment program must be established by the governing body and approved by the department.

(B) A locally adopted assessment program may use a locally developed test or a nationally developed test.

(C) Results of assessments under a locally adopted assessment program are subject to the same reporting requirements as results under the ISTEP program.

(D) Each student who completes a locally adopted assessment program and the student's parent or guardian has the same

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1 rights to inspection and rescoring as are set forth in  
2 IC 20-10.1-16-7(d).

3 SECTION 36. IC 20-5.5-7-3, AS ADDED BY P.L.100-2001,  
4 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JANUARY 1, 2003]: Sec. 3. (a) Not later than the date established by  
6 the department for determining average daily membership under  
7 IC 21-3-1.6-1.1(d), the organizer shall submit to the department the  
8 following information:

- 9 (1) The number of students enrolled in the charter school.  
10 (2) The name of each student and the school corporation in which  
11 the student resides.

12 (b) After verifying the accuracy of the information reported under  
13 subsection (a), the department shall distribute the following to the  
14 organizer:

- 15 (1) Tuition support and other state funding for any purpose for  
16 students in the charter school.  
17 (2) A proportionate share of state and federal funds received for  
18 students with disabilities or staff services for students with  
19 disabilities for the students with disabilities enrolled in the charter  
20 school.  
21 (3) A proportionate share of funds received under federal or state  
22 categorical aid programs for students who are eligible for the  
23 federal or state aid enrolled in the charter school.

24 (c) Not later than the date established by the department for  
25 determining average daily membership under IC 21-3-1.6-1.1(d), the  
26 organizer shall submit to each governing body a report of the total  
27 number and names of students from the governing body's school  
28 corporation enrolled in the charter school. Upon verifying the accuracy  
29 of the information reported, the governing body shall distribute to the  
30 organizer a proportionate share of local support for the students  
31 enrolled in the charter school in an amount determined under STEP  
32 THREE of the following formula:

33 STEP ONE: Add the revenues obtained by the school  
34 corporation's:

- 35 (A) general fund property tax levy; and  
36 (B) general fund auto excise and financial institutions tax.

37 STEP TWO: Divide the sum determined under STEP ONE by the  
38 total number of students enrolled in the school corporation:

39 STEP THREE: Multiply the quotient determined under STEP  
40 TWO by the number of students enrolled in the charter school:

41 (d) (c) The distribution under subsection (b) shall be made on the  
42 same schedule as the schedule on which the school corporation

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1 receives the funds.

2 SECTION 37. IC 20-8.1-6.1-8 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 8. (a) As used in  
4 this section, the following terms have the following meanings:

5 (1) "Class of school" refers to a classification of each school or  
6 program in the transferee corporation by the grades or special  
7 programs taught at the school. Generally, these classifications are  
8 denominated as kindergarten, elementary school, middle school  
9 or junior high school, high school, and special schools or classes,  
10 such as schools or classes for special education, vocational  
11 training, or career education.

12 (2) "ADM" means the following:

13 (A) For purposes of allocating to a transfer student state  
14 distributions under IC 21-1-30 (primetime), "ADM" as  
15 computed under IC 21-1-30-2.

16 (B) For all other purposes, "ADM" as set forth in  
17 IC 21-3-1.6-1.1.

18 (3) "Pupil enrollment" means the following:

19 (A) The total number of students in kindergarten through  
20 grade 12 who are enrolled in a transferee school corporation  
21 on a date determined by the Indiana state board of education.

22 (B) The total number of students enrolled in a class of school  
23 in a transferee school corporation on a date determined by the  
24 Indiana state board of education.

25 However, a kindergarten student shall be counted under clauses  
26 (A) and (B) as one-half (1/2) a student.

27 (4) "Special equipment" means equipment that during a school  
28 year:

29 (A) is used only when a child with disabilities is attending  
30 school;

31 (B) is not used to transport a child to or from a place where the  
32 child is attending school;

33 (C) is necessary for the education of each child with  
34 disabilities that uses the equipment, as determined under the  
35 individualized instruction program for the child; and

36 (D) is not used for or by any child who is not a child with  
37 disabilities.

38 The Indiana state board of education may select a different date for  
39 counts under subdivision (3). However, the same date shall be used for  
40 all school corporations making a count for the same class of school.

41 (b) Each transferee corporation is entitled to receive for each school  
42 year on account of each transferred student, except a student

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transferred under section 3 of this chapter, transfer tuition from the transferor corporation or the state as provided in this chapter. Transfer tuition equals the amount determined under STEP THREE of the following formula:

STEP ONE: Allocate to each transfer student the capital expenditures for any special equipment used by the transfer student and a proportionate share of the operating costs incurred by the transferee school for the class of school where the transfer student is enrolled.

STEP TWO: If the transferee school included the transfer student in the transferee school's ADM for a school year, allocate to the transfer student a proportionate share of the following general fund revenues of the transferee school for ~~except as provided in clause (C)~~, the calendar year in which the school year ends:

(A) The following state distributions that are computed in any part using ADM or other pupil count in which the student is included:

- (i) Primetime grant under IC 21-1-30.
- (ii) Tuition support for basic programs and at-risk weights under IC 21-3-1.7-8 (before January 1, 1996) and only for basic programs (after December 31, 1995).
- (iii) Enrollment growth grant under IC 21-3-1.7-9.5.
- (iv) At-risk grant under IC 21-3-1.7-9.7.
- (v) Academic honors diploma award under IC 21-3-1.7-9.8.
- (vi) Vocational education grant under IC 21-3-1.8-3.
- ~~(vii) Special education grant under IC 21-3-1.8 (repealed January 1, 1996) or IC 21-3-10.~~
- ~~(viii)~~ (vii) The portion of the ADA flat grant that is available for the payment of general operating expenses under IC 21-3-4.5-2(b)(1).

~~(B) For school years beginning after June 30, 1997, property tax levies.~~

~~(C) For school years beginning after June 30, 1997, excise tax revenue (as defined in IC 21-3-1.7-2) received for deposit in the calendar year in which the school year begins.~~

~~(D)~~ (B) For school years beginning after June 30, 1997, allocations to the transferee school under IC 6-3.5.

STEP THREE: Determine the greater of:

- (A) zero (0); or
- (B) the result of subtracting the STEP TWO amount from the STEP ONE amount.

If a child is placed in an institution or facility in Indiana under a court

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order, the institution or facility shall charge the county office of the county of the student's legal settlement under IC 12-19-7 for the use of the space within the institution or facility (commonly called capital costs) that is used to provide educational services to the child based upon a prorated per student cost.

(c) Operating costs shall be determined for each class of school where a transfer student is enrolled. The operating cost for each class of school is based on the total expenditures of the transferee corporation for the class of school from its general fund expenditures as specified in the classified budget forms prescribed by the state board of accounts. This calculation excludes:

- (1) capital outlay;
- (2) debt service;
- (3) costs of transportation;
- (4) salaries of board members;
- (5) contracted service for legal expenses; and
- (6) any expenditure which is made out of the general fund from extracurricular account receipts;

for the school year.

(d) The capital cost of special equipment for a school year is equal to:

- (1) the cost of the special equipment; divided by
- (2) the product of:
  - (A) the useful life of the special equipment, as determined under the rules adopted by the Indiana state board of education; multiplied by
  - (B) the number of students using the special equipment during at least part of the school year.

(e) When an item of expense or cost described in subsection (c) cannot be allocated to a class of school, it shall be prorated to all classes of schools on the basis of the pupil enrollment of each class in the transferee corporation compared to the total pupil enrollment in the school corporation.

(f) Operating costs shall be allocated to a transfer student for each school year by dividing:

- (1) the transferee school corporation's operating costs for the class of school in which the transfer student is enrolled; by
- (2) the pupil enrollment of the class of school in which the transfer student is enrolled.

When a transferred student is enrolled in a transferee corporation for less than the full school year of pupil attendance, the transfer tuition shall be calculated by the portion of the school year for which the

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transferred student is enrolled. A school year of pupil attendance consists of the number of days school is in session for pupil attendance. A student, regardless of the student's attendance, is enrolled in a transferee school unless the student is no longer entitled to be transferred because of a change of residence, the student has been excluded or expelled from school for the balance of the school year or for an indefinite period, or the student has been confirmed to have withdrawn from school. The transferor and the transferee corporation may enter into written agreements concerning the amount of transfer tuition due in any school year. Where an agreement cannot be reached, the amount shall be determined by the Indiana state board of education, and costs may be established, when in dispute, by the state board of accounts.

(g) A transferee school shall allocate revenues described in subsection (b) STEP TWO to a transfer student by dividing:

- (1) the total amount of revenues received; by
- (2) the ADM of the transferee school for the school year that ends in the calendar year in which the revenues are received.

However, for state distributions under IC 21-1-30 ~~IC 21-3-10~~, or any other statute that computes the amount of a state distribution using less than the total ADM of the transferee school, the transferee school shall allocate the revenues to the transfer student by dividing the revenues that the transferee school is eligible to receive in a calendar year by the pupil count used to compute the state distribution.

(h) In lieu of the payments provided in subsection (b), the transferor corporation or state owing transfer tuition may enter into a long term contract with the transferee corporation governing the transfer of students. This contract is for a maximum period of five (5) years with an option to renew, and may specify a maximum number of pupils to be transferred and fix a method for determining the amount of transfer tuition and the time of payment, which may be different from that provided in section 9 of this chapter.

(i) If the school corporation can meet the requirements of IC 21-1-30-5, it may negotiate transfer tuition agreements with a neighboring school corporation that can accommodate additional students. Agreements under this section may be for one (1) year or longer and may fix a method for determining the amount of transfer tuition or time of payment that is different from the method, amount, or time of payment that is provided in this section or section 9 of this chapter. A school corporation may not transfer a student under this section without the prior approval of the child's parent or guardian.

(j) If a school corporation experiences a net financial impact with

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regard to transfer tuition that is negative for a particular school year as described in IC 6-1.1-19-5.1, the school corporation may appeal for an excessive levy as provided under IC 6-1.1-19-5.1.

SECTION 38. IC 20-8.1-6.5-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 9. ~~Transportation Costs & State Reimbursement.~~ Transportation costs for transferred students for each calendar year or for capital outlay and for operations shall be reimbursed by the state to the transferor corporation in the same percent of the total outlay which the distributions to the transferor corporation under ~~IC 1971, 21-3-1.5-3; or from the state flat grant distribution account where it is credited to the general fund;~~ **IC 21-3-3.1** constitute of its total annual **general transportation** fund appropriations for such year. ~~In this calculation there shall be excluded from general fund appropriations capital outlay, debt service, and any expenditure which is made out of the general fund from extracurricular accounts.~~ Any amount not thus reimbursed and raised as part of the transferor corporation's **general transportation** fund levy shall constitute an increase in its base tax levy for such budget year, as otherwise defined and as applied in IC 6-1.1-1-16 and IC 6-1.1-19. In no event shall the state reimbursement for transportation operating expense to the transferor corporation be less than it would receive under applicable law without regard to this section.

SECTION 39. IC 20-9.1-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. ~~Definition;~~ **"Private School"**. As used in this article, the term "private school" means any school ~~which that~~ is not supported and maintained by funds realized from the imposition of a tax on property, income or sales: **a school corporation ( as defined in IC 20-5-1-3) or school township (IC 20-2-8-1).**

SECTION 40. IC 20-10.1-6.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 1. As used in this chapter:

"Advancement fund" refers to the school technology advancement account as created under section 4 of this chapter.

"Board" refers to the state board of education established under IC 20-1-1-1.

"School corporation" means ~~any a school corporation authorized by law to establish public schools and levy taxes for their maintenance.~~ **(as defined in IC 20-5-1-3) or school township (IC 20-2-8-1).**

SECTION 41. IC 21-1-1-54 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 54. The auditor of each county shall, semiannually, on the second Monday of July and

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on the last Monday in January make apportionment of the school revenue to which his county is entitled to the several townships and incorporated towns and cities of the county; which apportionment shall be paid to the school treasurer of each township and incorporated town and city by the county treasurer. In making the apportionment and distribution thereof, the auditor shall ascertain the amount of the congressional township school revenue belonging to each city, town or township, and shall apportion the other school revenue so as to equalize the amount of available school revenue for tuition to each city, town and township, as near as may be, according to the enumeration of children therein, and report the amount apportioned to the superintendent of public instruction, verified by affidavit; however, in no case shall the income of the congressional township school fund belonging to any congressional township, or part of such township, be diminished by such apportionment, or diverted or distributed to any other township. In making the apportionment and distribution of the state tuition revenues apportioned to the county by the superintendent of public instruction, in case any school corporation shall not have expended for tuition purposes in any school year an amount as great as the amount of state tuition revenue apportioned and distributed to said corporation by the auditor for said school year, then it shall be the duty of the auditor, at the first apportionment after the annual report of the receipts and expenditures of said school corporation shall have been filed with the county commissioners, to deduct from the whole amount of state tuition revenue apportioned to said school corporation an amount equal to the difference between the amount of state tuition revenue apportioned and distributed to said school corporation for use in such school year and the whole amount shown by such annual report to have been actually expended for tuition purposes, and there shall be paid to the treasurer of said school corporation the sum remaining after such amount shall have been deducted, and the county auditor shall include all such deductions in his report to the state superintendent of public instruction as tuition revenue collected in his county and ready for distribution at the next apportionment. ~~Funds arising from the local tuition tax shall not be considered in making the deductions provided for in this section, nor included in the report to the state superintendent of public instruction.~~

SECTION 42. IC 21-2-5.6-3, AS AMENDED BY P.L.232-1999, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3. This section applies to self-insurance funds permitted to be established under section 1(1) of this chapter and self-insurance funds required to be established under section 1(2) of

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1 this chapter. Subject to the approval of the commissioner of the  
 2 department of insurance, the governing body of the school corporation  
 3 is authorized to:

4 (1) transfer to the self-insurance fund an amount of money in

5 (A) the general fund budget; and

6 (B) the general fund tax levy and rate;

7 (2) (1) transfer monies from the general fund to the self-insurance  
 8 fund; or

9 (3) (2) appropriate monies from the general fund for the  
 10 self-insurance fund.

11 SECTION 43. IC 21-2-11-2 IS AMENDED TO READ AS  
 12 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2. (a) The  
 13 governing body of each school corporation in the state of Indiana shall  
 14 establish a general fund for the operation and maintenance of local  
 15 schools. and levy a tax therefor. All receipts and disbursements  
 16 heretofore authorized by law for school funds and tax levies for the  
 17 tuition fund; special school fund; special fund; vocational fund;  
 18 recreation fund; compulsory education fund; school library fund; high  
 19 school library fund; public employee's retirement fund; operating fund;  
 20 transportation tax and county wide school tax shall, on and after  
 21 January 1, 1968, be received in and disbursed from the general fund.  
 22 Tax levy and rate for the general fund shall be established by the  
 23 governing body of each school corporation for the 1968 calendar year  
 24 and all succeeding calendar years. Any balances of all the aforesaid  
 25 funds on January 1, 1968 shall be transferred to the general fund.

26 (b) Any money not specifically required to be deposited in  
 27 another fund by terms of a grant or by statute shall be deposited in  
 28 the school corporation's general fund.

29 (c) Except as otherwise provided by statute, a school  
 30 corporation shall pay for its operation and maintenance  
 31 expenditures from money in its general fund.

32 (d) Notwithstanding any other law (except IC 20-4-1-32,  
 33 IC 20-4-8-2, IC 21-2-12, and IC 21-2-13) after 2002, an ad valorem  
 34 property tax may not be levied by a school corporation for deposit  
 35 in its general fund.

36 (e) The annual budget of a school corporation payable for its  
 37 general fund is not subject to review, approval, or adjustment by  
 38 the county board of tax adjustment or the department of local  
 39 government finance if no ad valorem property tax rate is set for the  
 40 general fund.

41 SECTION 44. IC 21-3-1.6-1.1, AS AMENDED BY P.L.291-2001,  
 42 SECTION 239, IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE JANUARY 1, 2003]: Sec. 1.1. As used in this chapter:

(a) "School corporation" means any local public school corporation established under Indiana law.

(b) "School year" means a year beginning July 1 and ending the next succeeding June 30.

(c) "State distribution" due a school corporation means the amount of state funds to be distributed to a school corporation in any calendar year under this chapter.

(d) "Average daily membership" or "ADM" of a school corporation means the number of eligible pupils enrolled in the school corporation or in a transferee corporation on a day to be fixed annually by the Indiana state board of education. Such day shall fall within the first thirty (30) days of the school term. If, however, extreme patterns of student in-migration, illness, natural disaster, or other unusual conditions in a particular school corporation's enrollment on the particular day thus fixed, cause the enrollment to be unrepresentative of the school corporation's enrollment throughout a school year, the Indiana state board of education may designate another day for determining the school corporation's enrollment. The Indiana state board of education shall monitor changes that occur after the fall count, in the number of students enrolled in programs for children with disabilities and shall, before December 2 of that same year, make an adjusted count of students enrolled in programs for children with disabilities. The superintendent of public instruction shall certify the adjusted count to the budget committee before February 5 of the following year. In determining the ADM, each kindergarten pupil shall be counted as one-half (1/2) pupil. Where a school corporation commences kindergarten in a school year, the ADM of the current and prior calendar years shall be adjusted to reflect the enrollment of the kindergarten pupils. In determining the ADM, each pupil enrolled in a public school and a nonpublic school is to be counted on a full-time equivalency basis as provided in section 1.2 of this chapter. "Current ADM" of a school corporation used in computing its state distribution in a calendar year means the ADM of the school year ending in the calendar year. "ADM of the previous year" or "ADM of the prior year" of a school corporation used in computing its state distribution in a calendar year means the ADM of the school corporation for the school year ending in the preceding calendar year.

(e) "Additional count" of a school corporation, or comparable language, means the aggregate of the additional counts of the school corporation for certain pupils as set out in section 3 of this chapter and as determined at the times for calculating ADM. "Current additional

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count" means the additional count of the school corporation for the school year ending in the calendar year. "Prior year additional count" of a school corporation used in computing its state distribution in a calendar year means the additional count of the school corporation for the school year ending in the preceding calendar year.

(f) "Adjusted assessed valuation" of any school corporation used in computing state distribution for a calendar year means the assessed valuation in the school corporation, adjusted as provided in IC 6-1.1-34. The amount of the valuation shall also be adjusted downward by the state board of tax commissioners to the extent it consists of real or personal property owned by a railroad or other corporation under the jurisdiction of a federal court under the federal bankruptcy laws (11 U.S.C. 101 et seq.) if as a result of the corporation being involved in a bankruptcy proceeding the corporation is delinquent in payment of its Indiana real and personal property taxes for the year to which the valuation applies. If the railroad or other corporation in some subsequent calendar year makes payment of the delinquent taxes, then the state superintendent of public instruction shall prescribe adjustments in the distributions of state funds pursuant to this chapter as are thereafter to become due to a school corporation affected by the delinquency as will ensure that the school corporation will not have been unjustly enriched under the provisions of P.L.382-1987(ss). The amount of the valuation shall also be adjusted downward by the state board of tax commissioners to the extent it consists of real or personal property described in IC 6-1.1-17-0.5(b).

(g) (f) "General fund" means a school corporation fund established under IC 21-2-11-2.

(h) (g) "Teacher" means every person who is required as a condition of employment by a school corporation to hold a teacher's license issued or recognized by the state, except substitutes and any person paid entirely from federal funds.

(i) (h) "Teacher ratio" of a school corporation used in computing state distribution in any calendar year means the ratio assigned to the school corporation pursuant to section 2 of this chapter.

(j) (i) "Eligible pupil" means a pupil enrolled in a school corporation if:

- (1) the school corporation has the responsibility to educate the pupil in its public schools without the payment of tuition;
- (2) subject to subdivision (5), the school corporation has the responsibility to pay transfer tuition under IC 20-8.1-6.1, because the pupil is transferred for education to another school corporation (the "transferee corporation");

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(3) the pupil is enrolled in a school corporation as a transfer student under IC 20-8.1-6.1-3 or entitled to be counted for ADM or additional count purposes as a resident of the school corporation when attending its schools under any other applicable law or regulation;

(4) the state is responsible for the payment of transfer tuition to the school corporation for the pupil under IC 20-8.1-6.1; or

(5) all of the following apply:

(A) The school corporation is a transferee corporation.

(B) The pupil does not qualify as a qualified pupil in the transferee corporation under subdivision (3) or (4).

(C) The transferee corporation's attendance area includes a state licensed private or public health care facility, child care facility, or foster family home where the pupil was placed:

(i) by or with the consent of the division of family and children;

(ii) by a court order;

(iii) by a child placing agency licensed by the division of family and children; or

(iv) by a parent or guardian under IC 20-8.1-6.1-5.

~~(k) "General fund budget" of a school corporation means the amount of the budget approved for a given year by the state board of tax commissioners and used by the state board of tax commissioners in certifying a school corporation's general fund tax levy and tax rate for the school corporation's general fund as provided for in IC 21-2-11.~~

SECTION 45. IC 21-3-1.7-7, AS AMENDED BY P.L.273-1999, SECTION 136, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 7. If a computation under this chapter results in a fraction and a rounding rule is not specified, the fraction shall be rounded as follows:

~~(1) If it is a tax rate calculation, to the nearest one-hundredth of a cent (\$0.0001).~~

~~(2) (1) If it is a tuition support calculation, to the nearest cent (\$0.01).~~

~~(3) (2) If it is a calculation not covered by subdivision (1) or (2), to the nearest ten-thousandth (.0001).~~

SECTION 46. IC 21-3-1.7-8, AS AMENDED BY P.L.291-2001, SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 8. Notwithstanding IC 21-3-1.6 and subject to section 9 of this chapter, the state distribution for a calendar year for tuition support for basic programs for each school corporation equals the result determined using the following formula:

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**STEP ONE: following:**

**(A) (1)** For a school corporation not described in clause (B), determine the school corporation's result under STEP FIVE of section 6.7(b) of this chapter for the calendar year.

**(B) (2)** For a school corporation that has target revenue per adjusted ADM for a calendar year that is equal to the amount under STEP ONE (A) of section 6.7(b) of this chapter, determine the sum of:

(i) **(A)** the school corporation's result under STEP ONE of section 6.7(b) of this chapter for the calendar year; plus

(ii) **(B)** the amount of the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years; plus

(iii) the original amount of an excessive tax levy the school corporation imposed as a result of the passage, during the preceding year, of a referendum under IC 6-1.1-19-4.5(c) for taxes first due and payable during the year; plus

(iv) the part of the maximum general fund levy for the year that equals the original amount of the levy imposed by the school corporation to cover the costs of opening a new school facility during the preceding year.

**STEP TWO: Determine the remainder of:**

**(A)** the STEP ONE amount; minus

**(B)** the sum of:

(i) the school corporation's tuition support levy; plus

(ii) the school corporation's excise tax revenue for the year that precedes the current year by one (1) year.

If the state tuition support determined for a school corporation under this section is negative, the school corporation is not entitled to any state tuition support. In addition, the school corporation's maximum general fund levy under IC 6-1.1-19-1.5 shall be reduced by the amount of the negative result:

**(C) the original amount approved by the department of local government finance under IC 6-1.1-19-12 to cover the costs of opening a new school facility or reopening an existing school facility during the preceding year.**

SECTION 47. IC 21-3-1.7-9, AS AMENDED BY P.L.291-2001, SECTION 96, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 9. (a) Subject to the amount appropriated by the general assembly for tuition support, the amount that a school corporation is entitled to receive in tuition support for a year is the

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amount determined in section 8 of this chapter.

(b) If the total amount to be distributed as tuition support under this chapter, for enrollment adjustment grants under section 9.5 of this chapter, for at-risk programs under section 9.7 of this chapter, for academic honors diploma awards under section 9.8 of this chapter, **and** for primetime distributions under IC 21-1-30 ~~and as special and vocational education grants under IC 21-3-1.8-3 or IC 21-3-10~~ for a particular year exceeds:

(1) three billion three hundred sixty-three million four hundred thousand dollars (\$3,363,400,000) in 2001;

(2) three billion four hundred seventy-one million one hundred thousand dollars (\$3,471,100,000) in 2002; and

(3) ~~three five~~ billion five hundred ~~ninety-four~~ **ninety-two** million two hundred thousand dollars (~~\$3,594,200,000~~) **(\$5,592,200,000)** in 2003;

the amount to be distributed for tuition support under this chapter to each school corporation during each of the last six (6) months of the year shall be reduced by the same dollar amount per ADM (as adjusted by IC 21-3-1.6-1.1) so that the total reductions equal the amount of the excess.

SECTION 48. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2002]: IC 6-1.1-19-4.4; IC 6-1.1-19-4.5; IC 6-1.1-19-4.7; IC 6-1.1-19-4.9; IC 6-1.1-19-5.1; IC 6-1.1-19-5.3; IC 6-1.1-19-6; IC 6-1.1-19-10.5; IC 6-1.1-19-11.

SECTION 49. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2003]: IC 20-4-8-23; IC 20-3-11-20; IC 21-2-11-8; IC 21-2-14; IC 21-3-1.7-5; IC 21-3-1.7-6.8; IC 21-4-20-1.

SECTION 50. [EFFECTIVE UPON PASSAGE] (a) **Notwithstanding IC 21-2-5.6-3 (as effective before January 1, 2003), a school corporation may not levy an ad valorem property tax for its self-insurance fund after 2002.**

(b) **Notwithstanding IC 6-1.1-19-4.5(c), a referendum to impose an excessive tax levy may not be conducted in 2002.**

(c) **IC 21-2-11-2, as amended by this act, applies only to property taxes first due and payable after December 31, 2002.**

(d) **Notwithstanding IC 21-2-11-2, as amended by this act, the elimination of the authority of a school corporation to impose an ad valorem property tax levy for its general fund after 2002, including the excessive levy authorized under IC 6-1.1-19-10.5 (repealed by this act), shall not be construed as authority for the school corporation to default on the repayment of an advance of funds, lease payments, or repayment of debt, including principal,**

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1 interest, and related charges, under an agreement or statute for  
 2 which payments were made from the general fund of the school  
 3 corporation before 2003. If the school corporation has insufficient  
 4 money in its general fund from other sources to make the required  
 5 payments after 2002, the school corporation shall impose an  
 6 additional levy for its debt service fund to repay the advance  
 7 payments, retire the debt, or make the lease payments as provided  
 8 in the agreement or statute.

9 (e) The state shall make an additional distribution to each school  
 10 corporation in May and November of 2003 that is equal to fifty  
 11 percent (50%) of the total amount of miscellaneous taxes that the  
 12 school corporation received in 2002 under the following statutes as  
 13 a result of property taxes levied for the school corporation's  
 14 general fund in 2002:

- 15 (1) Commercial vehicle excise tax (IC 6-6-5.5-20).
- 16 (2) Aircraft excise tax (IC 6-6-6.5-21).
- 17 (3) Auto rental excise tax (IC 6-6-9-11).
- 18 (4) Boat excise tax (IC 6-6-11-31).

19 The distribution under this subsection does not reduce the amount  
 20 of state tuition support that the school corporation is entitled to  
 21 receive under IC 21-3-1.7.

22 (f) Notwithstanding IC 6-1.1-19-1.7, the general fund part of a  
 23 school corporation's levy excess in the school corporation's levy  
 24 excess fund shall be transferred to the school corporation's general  
 25 fund and may be used for any purpose. The transfer under this  
 26 subsection does not reduce the amount of state tuition support the  
 27 school corporation is entitled to receive under IC 21-3-1.7. The  
 28 transfer and use of the money is not subject to review or approval  
 29 by the county board of tax adjustment or the department of local  
 30 government finance.

31 (g) The repeal of IC 6-1.1-19-4.4, IC 6-1.1-19-4.5,  
 32 IC 6-1.1-19-4.7, IC 6-1.1-19-4.9, IC 6-1.1-19-5.1, IC 6-1.1-19-5.3,  
 33 IC 6-1.1-19-6, IC 6-1.1-19-10.5, and IC 6-1.1-19-11 by this act and  
 34 the amendment of IC 6-1.1-19-1, IC 6-1.1-19-1.5, IC 6-1.1-19-2, and  
 35 IC 6-1.1-19-7 by this act do not apply to actions related to or the  
 36 maximum general fund ad valorem property tax levy for property  
 37 taxes first due and payable in 2002.

38 (h) IC 6-1.1-19-12, as added by this act, applies only to state  
 39 tuition support distributions made after December 31, 2002.

40 SECTION 51. An emergency is declared for this act.



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